

UNITED STATES TARIFF COMMISSION

**PRODUCTS SUBJECT TO DUTY ON THE
AMERICAN SELLING PRICE BASIS OF VALUATION;
CONVERSION OF RATES OF DUTY ON SUCH PRODUCTS
TO RATES BASED ON VALUES DETERMINED BY
CONVENTIONAL VALUATION METHODS**

**Report to the Special Representative for Trade Negotiations on
Investigation No. 332-47 Under Section 332 of the
Tariff Act of 1930
(Including Corrections to August 15, 1966)**



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UNITED STATES TARIFF COMMISSION

Paul Kaplowitz, Chairman

Glenn W. Sutton, Vice Chairman

James W. Culliton

Dan H. Fenn, Jr.

Penelope H. Thunberg

Donn N. Bent, Secretary

Address all communications to

United States Tariff Commission

Washington, D. C. 20436

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(TC24551)

U.S. Tariff Commission,
July 25, 1966.

INTRODUCTION

This report presents the results of investigation No. 332-47, conducted by the Tariff Commission under section 332 of the Tariff Act of 1930, relating to the provisions of the Tariff Schedules of the United States (TSUS) under which certain imported products are subject to duty on the American-selling-price (ASP) basis of valuation. The articles currently subject to the ASP basis of valuation are benzenoid chemicals (TSUS items 403.02 to 409.00, inclusive), plastics- or rubber-soled footwear with fabric uppers (item 700.60), certain canned clams (item 114.05), and wool knit gloves and mittens valued not over \$1.75 per dozen pairs (item 704.55). The ASP and related provisions are found in headnotes in the appropriate schedules of the TSUS, as follows:

Benzenoid chemicals--Schedule 4, part 1, headnotes
4 and 5.

Footwear--Schedule 7, part 1A, headnote 3(b).

Canned clams--Schedule 1, part 3E, headnote 1.

Knit gloves--Schedule 7, part 1C, headnote 4.

The Commission's investigation was instituted pursuant to a request from the Special Representative for Trade Negotiations, by direction of the President. The Commission was requested "to determine those rates of duty for the products mentioned above which, in the absence of the headnote provisions, would in its judgment have provided an amount of collected duty on imports of such products during a recent period substantially equivalent to that amount provided under such headnote

provisions (or predecessor provisions) in such period." The Commission was also requested to determine the rates of duty "in accordance with sound standards of tariff nomenclature, indicating its assessment of the degree of equivalency of protection achieved." The rates determined by the Commission in response to the Special Representative's request are referred to hereinafter as "converted" rates, and the various headnotes indicated on page 1 are referred to as "ASP provisions."

Notice of the institution of the investigation was issued on December 23, 1965, and was published in the Federal Register on December 29, 1965 (30 F.R. 16226). The Commission published a list of tentative converted rates, together with explanatory material, on May 2, 1966, and at the same time issued a notice that a public hearing would be held in connection with the investigation beginning on June 8, 1966. The notice of the hearing was published in the Federal Register on May 5, 1966 (31 F.R. 6762). The public hearing was duly held on June 8, 13, and 14, 1966, and all interested parties were given opportunity to be present, to produce evidence, and to be heard.

In addition to information developed at the hearing, pertinent data were obtained from material submitted by interested parties, through analysis of import invoices, by fieldwork, and from other agencies of the U.S. Government. Of particular significance was the cooperation and assistance received from the Bureau of Customs of the U.S. Department of the Treasury.

In the light of information presented at the hearing, data submitted by interested parties, and further research by the Commission's staff after the issuance of the tentative converted rates, a number of revisions were made in the tentative rates and in some of the projected subclasses of the TSUS items. Such revisions are explained in the appropriate sections of this report.

Benzenoid chemicals (formerly designated in U.S. tariff acts as coal-tar products) first became subject to the ASP basis of valuation under the Tariff Act of 1922, whereas the other products here under consideration became subject to such valuation during the 1930's pursuant to separate actions by the President under section 336 of the Tariff Act of 1930--the so-called flexible tariff provision. Under section 336 the President was authorized to alter import restrictions within specified limits, after investigation by the Tariff Commission, for the purpose of equalizing costs of production in the United States and the principal competing country.

Under the ASP method of valuation, the rate of duty for a particular imported article is applied to a price for a domestically produced product like or similar to, or competitive with, the imported article, irrespective of the value of the imported article. For imported benzenoid chemicals, if there is no competitive domestic product, the imported article is dutiable on the basis of United

States value; 1/ if there is no United States value, the imported article is appraised according to the conventional method of valuation. With respect to the other products under investigation, if there is no like or similar domestic product, the imported article is dutiable according to the conventional method of valuation. In the conventional method, the rate of duty is applied to a value for the imported article itself, usually export value in the country of exportation to the United States.

The Commission selected 1964 as the base period for the purpose of converting the rates for benzenoid chemicals and canned clams, and 1965 for converting the rates on footwear. In 1964, U.S. imports of the benzenoid chemicals under investigation were valued at \$53 million (foreign or export value); imports of the footwear were valued at \$17 million, and of the canned clams at \$447,000. There have been no imports in recent years of the wool knit gloves subject to ASP provisions. Slightly more than half of the value of the benzenoids imported, nearly one-fourth of the value of the footwear, and about half of that of the canned clams imported in 1964, although subject to the ASP provisions, were not dutiable on ASP because there were no like, similar, or competitive articles produced in the United States. The proportion of footwear not dutiable on ASP was 40 percent in 1965. Domestic production (including captive production) of all benzenoid

1/ United States value is the wholesale market price in the United States of prototype products imported previously, less import duty and certain other costs and allowances.

chemicals in 1964 was valued at about \$6 billion; U.S. output of rubber-soled, fabric-upper footwear in that year was valued at approximately \$285 million; and production of canned clams (predominantly minced clams) was valued at more than \$6 million. 1/

CONVERTED RATES

The converted rates shown in the following schedule are the rates of duty which, based on the conventional method of valuation, would, in the judgment of the Commission, have provided an amount of collected duty on such products imported in the base period substantially equivalent to that amount which was provided by the current rates assessed under the ASP provisions. Every effort was made to follow sound standards of tariff nomenclature. The ad valorem and specific equivalents 2/ of the converted rates, shown in the last two columns of the following tabulation are informational.

The Commission did not specifically determine converted column-2 rates. 3/ Such rates could be determined by adjusting the current ad valorem rates in column 2 so that they would bear the same relationship to the converted ad valorem rates in column 1 that now exists between the ad valorem rates in these two columns.

1/ U.S. production of canned whole clams was valued at \$226,000.

2/ The equivalency of protection of the specific equivalents, if applied to projected subclasses of benzenoids, could vary greatly from compound to compound; this would not occur if the ad valorem equivalents were applied. The compounds in subclasses are grouped according to the ratio of their ASP's to their export values; their unit export values and hence the equivalency of protection afforded by the average specific equivalent for the group could vary greatly.

3/ Column-2 rates in the TSUS are applicable to the products of certain Communist dominated or controlled countries or areas. Imports of articles subject to ASP provisions from such countries or areas have not been significant in recent years.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates

Item 2/	Articles	Current MFN rate of duty 3/	Converted rate 4/	Equivalent of converted rate	
				Ad valorem equivalent	Specific equivalent
				Percent	Per pound
	Shellfish, fresh, chilled, frozen, prepared, or preserved (including pastes and sauces):				
	Clams:				
	In airtight containers:				
	Razor clams (<i>Siliqua patula</i>)				
114.05	Other:				
A	Valued not over 40 cents per net pound..	20% ad val.	12.5¢ per net lb. 5/	57	\$0.125
B	Other.....	20% ad val.	20% ad val.	20	.118
	Cyclic organic chemical products in any physical form having a benzenoid, quinoid, or modified benzenoid structure, not provided for in subpart A or C, part 1, schedule 4:				
403.02	Anthracene having a purity of 30% or more by weight.	2.8¢ per lb. + 16% ad val.	2.8¢ per lb. + 19% ad val.	31	.071
403.04	Carbazole having a purity of 65% or more by weight..	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 56% ad val.	64	.285
403.06	Naphthalene which after the removal of all water present has a solidifying point of 79° C. or above	1.4¢ per lb. + 8% ad val.	1.4¢ per lb. + 8% ad val.	6/	6/
403.08	Phthalic anhydride.....	2.4¢ per lb. + 14% ad val.	2.4¢ per lb. + 14% ad val.	48	.082
403.10	Styrene.....	2.8¢ per lb. + 18% ad val.	2.8¢ per lb. + 18% ad val.	6/	6/
	All distillates of coal tar, blast-furnace tar, oil- gas tar, and water-gas tar, which on being sub- jected to distillation yield in the portion distilling below 190°C. a quantity of tar acids equal to or more than 5% by weight of the original distillate or which on being subjected to distilla- tion yield in the portion distilling below 215°C. a quantity of tar acids equal to or more than 75% by weight of the original distillate:				
403.40	Phenol (carbolic acid) which on being subjected to distillation yields in the portion distil- ling below 190°C. a quantity of tar acids equal to or more than 5% by weight of the original distillate.....	3.0¢ per lb. + 17% ad val.	3.0¢ per lb. + 23% ad val.	6/	6/
403.42	Cresylic acid which on being subject to distil- lation yields in the portion distilling below 215 C. a quantity of tar acids equal to or more than 75% by weight of the original distillate.....	1.75¢ per lb. + 10% ad val.	1.75¢ per lb. + 10% ad val.	23	.031
403.44	Metacresol, orthocresol, paracresol, and meta- paracresol, all the foregoing having a purity of 75% or more by weight.....	1.75¢ per lb. + 10% ad val.	1.75¢ per lb. + 14% ad val.	19	.071
403.46	Other.....	3.5¢ per lb. + 20% ad val.	3.5¢ per lb. + 20% ad val.	25	.183
403.48 A	2,4-Dimethoxyaniline; N-Methylaniline; 2-Pyridinecarboxaldehyde; Sodium tetraphenylboron; and Vinylcarbazole, mono.....	3.0¢ per lb. + 20% ad val.	3.0¢ per lb. + 20% ad val.	21	.644
B	o-Acetoacetanisidide; o-Acetoacetotoluidide; 2',4'-Acetoacetoxylidide; 3'-Aminoacetophenone; 1-Amino-5-benzamidoanthraquinone; o-Anisidine; p-Anisidine; p-Chloro-m-cresol [OH=1]; 4-Chloro-2,5-dimethoxyaniline [NH ₂ =1]; 3-Ethylamino-p-cresol; Iminodanthraquinone; 5-Methoxy-m-phenylenediamine; dl-Phenylephrine base; Phenylsulfone; and 2,4,6-Trimethylaniline (mesidine).....	3.0¢ per lb. + 20% ad val.	3.0¢ per lb. + 32% ad val.	35	.323

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued

Item 2/	Articles	Current MFN rate of duty 3/	Converted rate 4/	Equivalent of converted rate	
				Ad valorem equivalent Percent	Specific equivalent Per pound
403.48 C	Cyclic organic chemical products, etc.--Continued				
	2-Acetamido-3-chloroanthraquinone;				
	m-Diethylaminophenol;				
	1,8-Dihydroxy-4,5-dinitroanthraquinone (4,5-dinitrochrysazin).....	3.0¢ per lb. + 20% ad val.	3.0¢ per lb. + 47% ad val.	49	\$0.853
403.50 A	p-aminobenzoic acid;				
	Billigrafin acid;				
	3,5-Diacetamido-2,4,6-triiodobenzoic acid (Urografen acid);				
	2,3-Dichloro-1,4-naphthoquinone;				
	Gentisic acid;				
	2-Hydroxy-3-dibenzofurancarboxylic acid; and				
	o-Toluenesulfonamide.....	2.8¢ per lb. + 20% ad val.	2.8¢ per lb. + 20% ad val.	21	.832
B	7-Amino-1,3-naphthalenedisulfonic acid and its salts;				
	8-Amino-1-naphthalenesulfonic acid and its salts;				
	6-Amino-1-naphthol-3-sulfonic acid and its salts;				
	8-Amino-1-naphthol-5-sulfonic acid and its salts;				
	4-Amino-2-stilbenesulfonic acid and its salts;				
	m-Dimethylaminophenol;				
	1-Hydroxy-2-carbazolecarboxylic acid;				
	Hydroxycinnamic acid and its salts;				
	p-Phenetidine;				
	o-Phenylenediamine;				
	2,4,4',5'-Tetrachlorophenylsulfone; and				
	2,4-Xylidine.....	2.8¢ per lb. + 20% ad val.	2.8¢ per lb. + 31% ad val.	34	.344
C	5-Amino-2-naphthalenesulfonic acid and its salts;				
	8-Amino-2-naphthalenesulfonic acid and its salts;				
	p-Hydroxybenzoic acid;				
	2-Naphthol-3,6-disulfonic acid and its salts;				
	7-Nitronaphth[1,2-b]oxadiazole-5-sulfonic acid and its salts;				
	p-Nitrotoluene;				
	m-Phenylenediamine;				
	N-Phenyl-2-naphthylamine; and				
	Toluene-2,4-diamine.....	2.8¢ per lb. + 20% ad val.	2.8¢ per lb. + 42% ad val.	51	.147
403.60 A	p-Acetoacetophenetidine;				
	N-Acetoxyethyl-N-cyanoethylamine;				
	o-Aminobenzenesulfonic acid [SO ₃ H=1/];				
	2-Amino-4-tert-butylphenol;				
	4-Amino-6-chloro-m-benzenedisulfonamide;				
	2-Amino-4-(p-cumyl)phenol;				
	2-Amino-4-[(2-hydroxyethyl)sulfonyl]phenol;				
	4-Amino-4'-hydroxy-2'-[(2-hydroxyethyl)sulfonyl]benzanilide;				
	2-Amino-5-methoxybenzenesulfonic acid;				
	2-Amino-5-nitrobenzonitrile;				
	4-Amino-4'-nitro-2,2'-stilbenedisulfonic acid;				
	m-Aminophenol;				
	o-Aminophenol;				
	p-[(p-Aminophenyl)azo]benzenesulfonic acid;				
	6-[(p-Aminophenyl)azo]metanilic acid;				
	Amino-1-pyrazolone;				
	4-Amino-3-sulfophenyl gamma acid;				
	2-Amino-4-[(2,5,6-trichloro-4-pyrimidyl)amino]benzenesulfonic acid;				
	Benzyl-diethyl (2,6-xylylcarbonylmethyl)ammoniumbenzoate (Bitrex);				
	Carbazole-3-carboxylic acid and its salts;				
	4'-Chloroacetoacetanilide;				
	6-Chloro-3-amino-4-sulfobenzoic acid;				
	2-Chloro-4,6-dinitroaniline;				
	Chlorodiphenyl sulfone;				
	5-Chloro-8-quinolinol hydrochloride;				
	6-Chloro-o-toluidine;				
	6-Chloro-3,4-xylene;				
	2,3-Cresotic acid;				
	2,4-Diaminoanisole sulfate;				
	4,4'-Diamino-1,1'-bianthraquinonyl-3,3'-disulfonic acid, disodium salt;				
	4,4'-Diamino-3-biphenylsulfonic acid;				

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued.

Item 2/	Articles	Current MFN rate of duty 3/	Converted rate 4/	Equivalent of converted rate	
				Ad valorem equivalent	Specific equivalent
				Percent	Per pound
403.60 A	Cyclic organic chemical products, etc.--Continued				
--Con.	Dibenzylamine;				
	4-(2,5-Dibutoxy-4-nitrophenyl)morpholine;				
	1,8-Dichloroanthraquinone;				
	10,11-Dihydro-5H-dibenz[5,6]azepine;				
	3'-(Dihydroxyethyl)amino-4'-ethoxyacetanilide;				
	3,6-Dihydroxy-2,7-naphthalenedisulfonic acid and its salts;				
	1,4-Dimesidinoanthraquinone;				
	2',4'-Dimethoxyacetoacetanilide;				
	2',5'-Dimethoxyacetoacetanilide;				
	2',5'-Dimethoxysulfanilanilide;				
	N-Ethyl-2-aminobenzenesulfonanilide;				
	2-Hydroxyanthroic acid and its salts;				
	m-Hydroxybenzaldehyde;				
	2-Hydroxycarbazolecarboxylic acid;				
	3'-(Hydroxyethylamino)-4'-ethoxyacetanilide;				
	m-(2-Hydroxyethyl)sulfonyl-aniline;				
	6-(2-Hydroxyethyl)sulfonyl-m-anisidine;				
	4-(2-Hydroxyethyl)sulfonyl-2,5-dimethoxyaniline;				
	4-(2-Hydroxyethyl)sulfonyl-5-methyl-o- anisidine;				
	4-(2-Hydroxyethyl)sulfonyl-3-methyl-1-phenyl- 2-pyrazolin-5-one;				
	1-Hydroxy-6-(methylamino)naphthalenesulfonic acid;				
	4-Hydroxy-1-methylcarbostyryl;				
	4-Hydroxy-2-naphthalenesulfonic acid;				
	Isophthalonitrile;				
	Lysergic acid;				
	4-Methoxy-m-phenylenediamine;				
	2-Methyl-p-anisidine $\sqrt{NH_2=1}$;				
	Methylchlorophenoxybutyric acid and its salts;				
	4,4'-Methylenebis(cyclohexylamine);				
	2-(3-Methyl-5-oxo-2-pyrazolin-1-yl)naphthalene- 5,7-disulfonic acid;				
	1-Methyl-2',6'-pipecoloxylidide;				
	1,8-Naphthalenediamine;				
	1,5-Naphthalene diisocyanate;				
	2,3-Naphthalenediol;				
	3-Nitro-p-phenetidine;				
	Phthalocyanine, crude, and its salts;				
	Phthalonitrile;				
	Polyalkylbenzene;				
	Pyrocatechol;				
	1,9-Thianthrenedicarboxylic acid;				
	Thiophene-2,5-dicarboxylic acid;				
	Toluene-2,5-diamine sulfate;				
	p-Toluenesulfonic acid, methyl ester $\sqrt{SO_3H=1}$;				
	(2,4,6-Trichlorophenyl)hydrazine;				
	Tris/p-isocyanatophenylmethane;				
	O,O'-Tris/p-isocyanatophenylphosphorothioate;				
	o-Vanillin; and				
	m-Xylene- α, α' -diamine.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 25% ad val.	27	\$0.362
B	Acetoacetanilide;				
	2-(p-Aminoanilino)-5-nitrobenzenesulfonic acid;				
	2-Amino-p-benzenedisulfonic acid;				
	1-Amino-4-bromo-2-anthraquinonesulfonic acid (Bromamine acid) and its salts;				
	2-Amino-4-chlorophenol;				
	6-Amino-4-chloro-m-toluenesulfonic acid $\sqrt{SO_3H=1}$;				
	2-Amino-5-chloro-p-toluenesulfonic acid $\sqrt{SO_3H=1}$;				
	4'-Amino-2',5'-Diethoxybenzanilide;				
	4-Amino-5-hydroxy-1,3-naphthalenedisulfonic acid (Chicago acid) and its salts;				
	4'-Amino-6'-methyl-m-benzanisidide (Fast Violet B Base);				
	6-Amino-2-naphthalenesulfonic acid (Broenner's acid);				
	2-(p-Aminophenyl)-6-methylbenzothiazole;				
	6-Amino-m-toluenesulfonic acid;				

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates

Item 2/	Articles	Current MFN rate of duty 3/	Converted rate 4/	Equivalent of converted rate	
				Ad valorem equivalent	Specific equivalent
				Percent	Per pound
403.60 B	Cyclic organic chemical products, etc.--Continued				
--Con.	6-Anilino-1-hydroxy-3-naphthalenesulfonic acid (Phenyl J acid);				
	Anthranilic acid (o-Aminobenzoic acid);				
	Anthraquinone;				
	Benzidine dihydrochloride;				
	Benzoyl peroxide;				
	1,1'-Binaphthalene-7,8,8'-dicarboxylic acid;				
	p-Chloroaniline;				
	5-Chloro-o-anisidine/ $\text{NH}_2=17$;				
	1-Chloroanthraquinone;				
	2-Chloro-4-nitroaniline;				
	1-Chloro-2-nitrobenzene;				
	1-Chloro-4-nitrobenzene;				
	4-Chlorotoluene;				
	4,4'-Diamino-2,2'-biphenyldisulfonic acid;				
	4,4'-Diamino-2,2'-stilbenedisulfonic acid;				
	3,4-Dichloroaniline;				
	4,5-Dihydroxy-2,7-naphthalenedisulfonic acid (Chromotropic acid);				
	2,5-Dimethoxyaniline;				
	2,2'-Dithiobis(benzothiazole);				
	7-Hydroxy-1,3-naphthalenesulfonic acid and its salts;				
	1,1'-Iminobis [4-aminoanthraquinone];				
	7,7'-Iminobis [4-hydroxy-2-naphthalenesulfonic acid];				
	Metanilic acid;				
	3-Methyl-1-phenyl-2-pyrazolin-5-one;				
	2-Naphthol;				
	1-Naphthylamine;				
	o-Nitroaniline;				
	4-Nitro-o-anisidine/ $\text{NH}_2=17$;				
	p-Nitrobenzoic acid and its salts;				
	o-Phenylphenol and its salts;				
	Salicylic acid-technical grade and its salts;				
	1-(o-Tolyl)biguanide;				
	p-Tolylmethylpyrazolone; and				
	1,3,5-Trifluorotoluene.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 44% ad val.	48	\$0.363
C	3-Amino-5-chloro-2-hydroxybenzenesulfonic acid;				
	4-Amino-1-naphthalenesulfonic acid and its salts;				
	8-Amino-2-naphthol;				
	p-Anilinobenzenediazonium sulfate;				
	2'-Chloroacetoacetanilide;				
	o-Chloroaniline;				
	4-Chloro-2-nitroaniline;				
	Dichlorodiphenylsilane;				
	Dihydroxydiphenylsulfone;				
	2,4-Dinitroaniline;				
	2-Hydroxy-11H-benzo[a]carbazole-3-carboxylic acid and its salts;				
	6-Hydroxy-2-naphthalenesulfonic acid (Schaeffer's acid) and its salts;				
	1,5-Naphthalenedisulfonic acid;				
	2-Nitro-p-anisidine/ $\text{NH}_2=17$;				
	5-Nitro-o-toluidine/ $\text{NH}_2=17$;				
	Phenylcarbethoxypyrazolone;				
	2,4-Quinolinediol and sodium salt; and				
	p-Toluidine.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 54% ad val.	59	.414
D	4'-Chloro-2',5'-dimethoxyacetoacetanilide;				
	p-(Diethylamino)benzaldehyde;				
	1,5-Dihydroxy-4,8-dinitroanthraquinone;				
	4,4'-Dinitro-2,2'-stilbenedisulfonic acid;				
	5-Hydroxy-1-naphthalenesulfonic acid;				
	4,4'-Isopropylidenediphenol (Bisphenol A);				
	p-(3-Methyl-5-oxo-2-pyrazolin-1-yl)benzenesul- fonic acid;				
	1,5-Naphthalenediol;				
	p-Toluenesulfonamide;				
	8-(p-Toluidino)-1-naphthalenesulfonic acid; and				
	DL-Tryptophane.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 63% ad val.	68	.644

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions $\frac{1}{2}$, and Ad Valorem and Specific Equivalents of the Converted Rates

Item 2/	Articles	Current MFN rate of duty 3/	Converted rate 4/	Equivalent of converted rate	
				Ad valorem equivalent Percent	Specific equivalent Per pound
403.60 E	Cyclic organic chemical products, etc.--Continued				
	6-Amino-3,4'-azodi/benzenesulfonic acid $\frac{7}{2}$;				
	1-Amino-2,4-dibromoanthraquinone;				
	2-Amino-5-nitrophenol;				
	4',4'''-Azobis[4-biphenylcarboxylic acid $\frac{7}{2}$] and its salts;				
	2,5-Diaminobenzenesulfonic acid;				
	4,5'-Dibenzamido-1,1'-iminodianthraquinone; and				
	8-Quinolinol.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 79% ad val.	81	\$1.470
F	1-Chloronaphthalene;				
	1,1'-Iminobis[4-benzamidoanthraquinone $\frac{7}{2}$];				
	2-Methylindole; and				
	1,3,3-Trimethyl- Δ^2 -indolineacetaldehyde.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 112% ad val.	115	1.404
G	Other.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 36% ad val.	39	.391
	All other products, by whatever name known, not provided for in subpart A or C, part 1, schedule 4, including acyclic organic chemical products, which are obtained, derived, or manufactured in whole or in part from any of the cyclic products having a benzenoid, quinoid, or modified benzenoid structure provided for in the foregoing provisions of this subpart or in subpart A, part 1, schedule 4;				
403.70	Caprolactam monomer.....	3.0¢ per lb.	3.0¢ per lb.	6/	6/
		+ 20% ad val.	+ 45% ad val.		
403.75	Hexamethylene adipamide.....	3.0¢ per lb.	3.0¢ per lb.		
		+ 20% ad val.	+ 29% ad val.	36	.166
403.78	Methylcyclohexanone.....	3.0¢ per lb.	3.0¢ per lb.		
403.80 A	Adipic acid;				
	6-Aminopenicillanic acid;				
	1,2-Cyclohexanediamine;				
	Cyclohexylamine;				
	1,6-Hexanediamine; and				
	Methylcyclohexanol acetate.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 30% ad val.	36	.207
B	Other.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 41% ad val.	51	.181
403.90	Mixtures in whole or in part of any of the products provided for in subpart B, part 1, schedule 4.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 25% ad val.		
			but not less than the highest rate applicable to any component provided for in subpart B	34	.121
	Products obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B, part 1, schedule 4:				
405.05	Explosives.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 22.5% ad val.	+ 40% ad val.	41	2.308
405.10	Ink powders.....	3.5¢ per lb.	3.5¢ per lb.	6/	6/
		+ 22.5% ad val.	+ 22.5% ad val.		
405.15	Pesticides:				
A	p-Chloro-m-cresol;				
	O,O-Diethyl O-(p-nitrophenyl) phosphorothioate;				
	O,O-Dimethyl O-(p-nitrophenyl) phosphorothioate;				
	Lindane.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 43% ad val.	49	.286
B	Other.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 25% ad val.	29	.231
405.20	Photographic chemicals:				
A	Not over \$2.00 per pound.....	6.0¢ per lb.	6.0¢ per lb.		
		+ 38% ad val.	+ 42% ad val.	61	.190
B	Over \$2.00 per pound.....	6.0¢ per lb.	6.0¢ per lb.		
		+ 38% ad val.	+ 52% ad val.	53	5.165
405.25	Plastics materials.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 18% ad val.	+ 21% ad val.	25	.175

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued

Item 2/	Articles	Current MFN rate of duty 3/	Converted rate 4/	Equivalent of converted rate	
				Ad valorem : equivalent	Specific equivalent
				Percent	Per pound
	Products obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B, part 1, schedule 4--Continued				
405.30	Products chiefly used as assistants in preparing or finishing textiles.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 16% ad val.	+ 16% ad val.	19	\$0.146
405.35	Products (except those in item 405.30) chiefly used for any one or combination of the following purposes: as detergents, wetting agents, emulsifiers, dispersants, or foaming agents.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 19% ad val.	29	.098
405.40	Products chiefly used as plasticizers.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 36% ad val.	49	.132
405.45	Sodium benzoate.....	3.0¢ per lb.	3.0¢ per lb.		
		+ 21% ad val.	+ 38% ad val.	63	.117
405.55	Synthetic tanning materials.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 61% ad val.	91	.214
	Colors, dyes, stains, and related products:				
406.02	Sulfur black, "Colour Index Nos. 53185, 53190, and 53195".....	3.0¢ per lb.	3.0¢ per lb.		
		+ 20% ad val.	+ 41% ad val.	75	.190
406.04	Vat blue 1 (synthetic indigo), "Colour Index No. 73000".....	3.0¢ per lb.	3.0¢ per lb.		
		+ 20% ad val.	+ 39% ad val.	43	.279
406.107A	Acid black 31, 50, 129; Acid blue 54, 127, 129, 143; Acid brown 58, 188, 189; Acid green 40; Acid red 130, 145, 174; Acid violet 31, 41, 48; Acid yellow 2, 75, 116; Direct black 62, 91; Direct blue 92, 106, 108, 109, 160; Direct brown 103, 115, 116; Direct green 5, 29, 31; Disperse blue 30; Fluorescent brightening agent 18, 24, 32; Mordant black 8; Mordant red 27; Reactive black 1; Reactive blue 1, 2, 4; Reactive orange 1; Reactive red 1, 2, 3, 5, 6; Reactive yellow 1; Vat blue 2; Vat red 44; Vat solubilized orange 3; Vat violet 9; and Vat yellow 4, 20.....				
		32% ad val.	34% ad val.	34	1.005
B	Acid blue 45, 106; Acid brown 44, 46, 48; Acid violet 19; Basic red 14; Direct blue 172; Direct red 83; Mordant red 17; and Solvent orange 11.....				
		32% ad val.	46% ad val.	46	1.576
C	Acid black 94; Acid red 211; Basic blue 3; Basic yellow 13; Direct blue 86; Ingrain blue 2; and Mordant green 47.....				
		32% ad val.	57% ad val.	57	1.454
D	Basic orange 22; and Vat orange 7.....				
		32% ad val.	64% ad val.	64	2.212
E	Basic red 13; Basic yellow 1, 11; Direct orange 37; Direct yellow 28; Disperse red 4; Vat orange 2; and Vat violet 13.....				
		32% ad val.	82% ad val.	82	1.082
F	Solvent yellow 25; and Vat brown 3.....				
		32% ad val.	98% ad val.	98	2.467

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued

Item <u>2/</u>	Articles	Current MFN rate of duty <u>3/</u>	Converted rate <u>4/</u>	Equivalent of converted rate	
				Ad valorem equivalent Percent	Specific equivalent Per pound
406.507A	Colors, dyes, stains, and related products --Continued				
	Acid black 132;				
	Acid blue 185, 221;				
	Basic orange 28;				
	Direct yellow 47;				
	Disperse blue 73;				
	Disperse red 54;				
	Fluorescent brightening agent 121;				
	Mordant blue 77;				
	Mordant brown 45;				
	Reactive black 4;				
	Reactive blue 19, 29;				
	Reactive yellow 11, 15;				
	Solubilized vat black 5;				
	Solubilized vat brown 6;				
	Solubilized vat violet 7; and				
	Vat blue 21.....	40% ad val.	38% ad val.	38	\$1.106
B	Acid black 62, 63, 67, 77, 131;				
	Acid blue 41, 52, 66, 72, 98, 181, 182, 183, 215;				
	Acid brown 30, 33, 147, 224, 227, 253;				
	Acid green 43, 44, 57;				
	Acid orange 47, 94;				
	Acid red 127, 252, 259;				
	Acid violet 21, 54;				
	Acid yellow 79, 127;				
	Basic blue 41, 45, 62;				
	Basic green 2;				
	Basic orange 27;				
	Basic red 22, 23, 29;				
	Basic yellow 19, 23, 24, 25, 32;				
	Direct black 118;				
	Direct blue 90, 158, 207, 225;				
	Direct green 67, 69;				
	Direct orange 107;				
	Direct red 89, 92, 95, 205;				
	Direct violet 62;				
	Direct yellow 58, 68, 96, 109;				
	Disperse blue 7, 79;				
	Disperse orange 30;				
	Disperse red 73, 105, 107, 108;				
	Fluorescent brightening agent 47, 55;				
	Mordant black 75;				
	Mordant green 45;				
	Reactive blue 5, 7, 8, 10, 21, 24;				
	Reactive brown 2, 5;				
	Reactive green 6;				
	Reactive red 9, 17, 40, 45;				
	Reactive yellow 10, 27;				
	Solvent blue 45;				
	Vat blue 26; and				
	Vat green 13.....	40% ad val.	42% ad val.	42	1,142
C	Acid red 131, 143;				
	Acid yellow 61;				
	Direct blue 98;				
	Direct green 51;				
	Direct red 9;				
	Direct yellow 27, 98;				
	Disperse red 15;				
	Mordant blue 29;				
	Reactive red 12;				
	Solvent orange 41;				
	Vat green 1; and				
	Vat yellow 33.....	40% ad val.	54% ad val.	54	1.594
D	Acid black 29;				
	Acid blue 9, 198;				
	Acid green 25;				
	Acid orange 87;				
	Acid red 1, 249;				
	Basic blue 54;				
	Basic red 15;				
	Basic violet 16;				
	Direct brown 31;				
	Direct orange 26;				
	Disperse blue 65;				
	Disperse brown 2;				

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued

Item <u>2/</u>	Articles	Current MFN rate of duty <u>3/</u>	Converted rate <u>4/</u>	Equivalent of con- verted rate	
				Ad valorem equivalent	Specific equivalent
				Percent	Per pound
406.50 D	Colors, dyes, stains, and related products--Continued				
--Con.	Disperse red 55;				
	Disperse violet 8;				
	Disperse yellow 5, 54;				
	Reactive blue 18;				
	Sulfur green 14;				
	Vat green 9; and				
	Vat red 1.....	40% ad val.	65% ad val.	65	\$1.826
E	Acid blue 27, 62, 67, 78;				
	Acid green 9, 28;				
	Acid orange 80, 85;				
	Acid red 52;				
	Basic blue 5, 21, 22;				
	Basic red 1;				
	Basic violet 10;				
	Basic yellow 15				
	Direct black 38;				
	Disperse blue 1, 60;				
	Disperse orange 5;				
	Disperse red 59, 60;				
	Reactive yellow 25;				
	Solvent black 3; and				
	Vat orange 9.....	40% ad val.	73% ad val.	73	2.514
F	Acid black 1, 24;				
	Acid blue 83, 120;				
	Acid red 114;				
	Acid yellow 118;				
	Basic orange 21;				
	Basic red 27;				
	Basic violet 1;				
	Basic yellow 21;				
	Direct blue 78, 199;				
	Direct orange 102;				
	Direct red 13;				
	Direct yellow 4, 11, 50;				
	Disperse red 5, 11;				
	Mordant red 3;				
	Solvent yellow 62;				
	Vat black 9, 27;				
	Vat blue 6;				
	Vat green 3;				
	Vat red 10; and				
	Vat yellow 1, 2.....	40% ad val.	83% ad val.	83	2.345
G	Acid blue 35, 90, 113;				
	Acid green 16;				
	Acid red 85, 99;				
	Acid violet 17;				
	Acid yellow 7;				
	Basic blue 9, 26;				
	Basic green 4;				
	Basic red 18;				
	Basic violet 2;				
	Direct blue 6;				
	Direct brown 1;				
	Direct orange 34;				
	Direct red 2, 79, 81;				
	Disperse red 1, 13, 17;				
	Disperse yellow 1, 3, 42, 64;				
	Mordant black 11;				
	Mordant yellow 30;				
	Solubilized vat blue 6;				
	Solubilized vat brown 1;				
	Solvent red 109;				
	Solvent yellow 63;				
	Vat blue 20;				
	Vat brown 1;				
	Vat green 20; and				
	Vat orange 15.....	40% ad val.	98% ad val.	98	1.395
H	Acid black 107, 140;				
	Acid blue 23;				
	Acid orange 7, 74;				
	Acid red 14, 73, 225;				
	Acid yellow 63;				
	Basic blue 44, 47;				
	Basic green 1;				
	Basic yellow 2;				

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued

Item 2/	Articles	Current MFN rate of duty 3/	Converted rate 4/	Equivalent of converted rate	
				Ad valorem equivalent Percent	Specific equivalent Per pound
	Colors, dyes, stains, and related products--Continued				
406.50 H	Direct black 41, 51;				
--Con.	Direct blue 1, 2;				
	Direct brown 2;				
	Direct green 6;				
	Direct red 76;				
	Direct yellow 12;				
	Mordant black 13, 17;				
	Mordant blue 1; and				
	Vat blue 14, 18, 29.....	40% ad val.	117% ad val.	117	\$1.359
I	Acid brown 19;				
	Acid red 133;				
	Basic orange 14;				
	Basic violet 14;				
	Direct blue 120, 122;				
	Direct red 23;				
	Disperse blue 3;				
	Solvent red 49;				
	Vat orange 3; and				
	Vat yellow 10.....	40% ad val.	172% ad val.	172	1.340
J	Other.....	40% ad val.	48% ad val.	48	1.230
406.60	Natural alizarin and natural indigo; colors, dyes, and stains (except toners), whether soluble or not in water, obtained, derived, or manufactured in whole or in part from natural alizarin or natural indigo; color acids, color bases, indoxyl, indoxyl compounds, and leuco-compounds (whether colorless or not), obtained, derived, or manufactured in whole or in part from natural alizarin, natural indigo, or any product provided for in subpart A or B, part 1, schedule 4.....	5.6¢ per lb. + 36% ad val.	5.6¢ per lb. + 51% ad val.	54	1.152
406.70	Color lakes and toners, obtained, derived, or manufactured in whole or in part from natural alizarin, natural indigo, or any product provided for in subpart A or B, part 1, schedule 4;				
A	Pigment blue 1;				
	Pigment blue 15;				
	Pigment green 7, 10;				
	Pigment orange 7;				
	Pigment red 81;				
	Pigment violet 23; and				
	Pigment yellow 3, 12, 14, 83.....	40% ad val.	72% ad val.	72	1.883
B	Pigment black 1;				
	Pigment orange 5;				
	Pigment red 2, 3, 48, 53; and				
	Pigment yellow 1, 13, 49.....	40% ad val.	98% ad val.	98	.304
C	Other.....	40% ad val.	43% ad val.	43	1.110
406.80	Fast color bases, fast color salts, and Naphthol AS and its derivatives:				
A	A.S. 1 and D.S. 4 stabilized diazo salt;				
	Azoic coupling component 32,107,108,111; and				
	Azoic diazo component 15, 16, 40, 51, 121 (bases and salts).....	3.5¢ per lb. + 20% ad val.	3.5¢ per lb. + 21% ad val.	22	.798
B	Other.....	3.5¢ per lb. + 20% ad val.	3.5¢ per lb. + 38% ad val.	42	.344
	Products suitable for medicinal use, and drugs:				
	Obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B, part 1, schedule 4;				
	Products suitable for medicinal use:				
407.02	Acetanilide.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 39% ad val.	46	.216
407.04	Benzaldehyde.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 60% ad val.	6/	6/
407.06	Benzoic acid.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 46% ad val.	6/	6/
407.08	2-Naphthol (beta-naphthol).....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 25% ad val.	6/	6/
407.10	Resorcinol.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 43% ad val.	46	.599
407.12	Salicylic acid and its salts.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 51% ad val.	60	.228
	Drugs:				
407.20	Acetphenetidine (phenacetin).....	2.8¢ per lb. + 20% ad val.	2.8¢ per lb. + 41% ad val.	46	.237
407.25	Acetylsalicylic acid (aspirin).....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 46% ad val.	58	.169
407.30	Antipyrine.....	3.5¢ per lb. + 25% ad val.	3.5¢ per lb. + 24% ad val.	26	.413

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions $\frac{1}{2}$, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued

Item 2/	Articles	Current MFN rate of duty 3/	Converted rate 4/	Equivalent of converted rate	
				Ad valorem equivalent Percent	Specific equivalent Per pound
	Products suitable for medicinal use, and drugs--Continued				
	Obtained, derived, or manufactured in whole or in part				
	from any product provided for in subpart A or B, part				
	1, schedule 4--Continued				
	Drugs--Continued				
407.32	5-Chloro-7-iodo-8-quinolinol and 2/I-(p-chloro-phenyl)-3-dimethylaminopropylpyridine maleate.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 20% ad val.	+ 45% ad val.	46	\$1.744
407.35	Diethylaminoacetoxylidide (xylocaine).....	3.5¢ per lb.	3.5¢ per lb.		
		+ 22.5% ad val.	+ 45% ad val.		
407.40	5-Ethyl-5-phenylhexahydropyrimidine-4,6-dione...	2.4¢ per lb.	2.4¢ per lb.	6/	6/
		+ 17% ad val.	+ 17% ad val.	17	2.456
	Hydantoin derivatives:				
407.45	Methylphenethylhydantoin.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 18% ad val.	+ 18% ad val.	6/	6/
407.50	Other.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 18% ad val.	+ 38% ad val.	40	.654
	Imidazoline derivatives:				
407.55	2-Benzyl-4,5-imidazoline hydrochloride.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 18% ad val.	+ 42% ad val.	42	3.036
407.60	Phenylbenzylaminoethylimidazoline hydrochloride.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 18% ad val.	+ 18% ad val.	6/	6/
407.70	Other.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 18% ad val.	+ 18% ad val.	18	33.268
407.72 A	Phenylephrine hydrochloride;				
	Salicylazosulfapyridine.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 20% ad val.	+ 20% ad val.	20	1.031
B	Sulfadiazine;				
	Sulfapyridine.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 20% ad val.	+ 33% ad val.	34	1.025
C	Sulfamerazine;				
	Sulfamethazine.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 20% ad val.	+ 43% ad val.	44	.804
D	Sulfaguanidine.....	2.8¢ per lb.	2.8¢ per lb.		
		+ 20% ad val.	+ 58% ad val.	62	.444
407.75	Phenolphthalein.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 56% ad val.	6/	6/
407.80	Salol.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 56% ad val.	6/	6/
407.85 A	Acetaminophen(p-Hydroxyacetanilide) (APAP);				
	p-Aminobenzoic acid;				
	Benzocaine (p-Aminobenzoic acid, ethyl ester);				
	Carbarsone;				
	Chloroquine diphosphate;				
	Danthron (Chrysazin);				
	p-Hydroxybenzoic acid, propyl ester				
	(Propylparaben);				
	Isoniazid;				
	Phenazopyridine (2,6-Diamino-3-phenylazo-pyridine) hydrochloride;				
	Phenobarbital and its salts;				
	Procaine hydrochloride;				
	Salicylamide; and				
	Sulfisoxazole.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 40% ad val.	42	.613
B	Acriflavine;				
	5-Aminosalicylic acid;				
	p-Aminosalicylic acid salts;				
	Diphenhydramine hydrochloride;				
	Mandelic acid;				
	Mephobarbital;				
	Phthalylsulfacetamide;				
	Sulfacetamide;				
	Sulfamethizole; and				
	Sulfathiazole sodium.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 49% ad val.	52	.540
C	p-Aminosalicylic acid (PAS);				
	N-Chloro-p-toluenesulfonamide, sodium salt				
	(Chloramine T);				
	Epinephrine bitartrate;				

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions 1/, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued

Item <u>2/</u>	Articles	Current MFN rate of duty <u>3/</u>	Converted rate <u>4/</u>	Equivalent of converted rate	
				Ad valorem equivalent	Specific equivalent
				Percent	Per pound
	Products suitable for medicinal use, and drugs--Continued				
	Obtained, derived, or manufactured in whole or in part				
	from any product provided for in subpart A or B, part				
	1, schedule 4--Continued				
	Drugs--Continued				
407.85 C	Merbromin;				
--Con.	Pseudoephedrine hydrochloride;				
	Sulfacetamide sodium; and				
	Sulfamethoxypyridazine.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 69% ad val.	72	\$1.026
D	Menadione sodium bisulfite;				
	Mersalyl acid;				
	Papaverine hydrochloride;				
	Phthalylsulfathiazole;				
	Sulfanilamide; and				
	Sulfathiazole.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 79% ad val.	83	.591
E	Cyanocobalamin; and				
	Folic acid.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 106% ad val.	106	30.196
F	Other.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 25% ad val.	25	4.144
	Drugs, from whatever source obtained, produced, or				
	manufactured:				
407.90	Guaiacol and its derivatives.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 25% ad val.	+ 40% ad val.	43	.519
	Aromatic or odoriferous compounds including flavors, not				
	marketable as cosmetics, perfumery, or toilet prepara-				
	tions, and not mixed, and not containing alcohol:				
	Obtained, derived, or manufactured in whole or in				
	part from any product provided for in subpart A or				
	B, part 1, schedule 4:				
408.05	Benzyl acetate.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 48% ad val.	58	.412
408.10	Benzyl benzoate.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 55% ad val.	6/	6/
408.15	Diphenyl oxide.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 86% ad val.	6/	6/
408.20	Heliotropin.....	3.5¢ per lb.	3.5¢ per lb.		
		+ 22.5% ad	+ 18% ad val.		
		val.		19	.693
408.25	Methyl anthranilate.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 51% ad val.	54	1.148
408.30	Musk, artificial.....	5.6¢ per lb.	5.6¢ per lb.		
		+ 18% ad val.	+ 27% ad val.	30	.538
408.35	Phenylacetaldehyde.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 45% ad val.	47	1.387
408.40	Phenethyl alcohol.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 41% ad val.	45	.810
408.45	Saccharin.....	3.0¢ per lb.	3.0¢ per lb.		
		+ 19% ad val.	+ 36% ad val.	40	.326
408.60	Other compounds.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 54% ad val.	55	2.638
	From whatever source obtained, derived, or manu-				
	factured:				
408.70	Coumarin.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 42% ad val.	44	1.463
408.75	Methyl salicylate.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 68% ad val.	6/	6/
408.80	Vanillin.....	3.0¢ per lb.	3.0¢ per lb.		
		+ 19% ad val.	+ 24% ad val.	26	.510
409.00	Mixtures in whole or in part of any of the products				
	provided for in subpart C, part 1, schedule 4.....	7.0¢ per lb.	7.0¢ per lb.		
		+ 45% ad val.	+ 45% ad val.		
			but not less		
			than the		
			highest rate		
			applicable		
			to any com-		
			ponent pro-		
			vided for in		
			subpart C	54	.439

See footnotes at end of table.

Articles Subject to Duty Under the American-Selling-Price Provisions, Current Most-Favored-Nation (MFN) Rates of Duty, Converted Rates Which Could Replace the Current Rates in the Absence of the American-Selling-Price Provisions ^{1/}, and Ad Valorem and Specific Equivalents of the Converted Rates--Continued

Item ^{2/}	Articles	Current MFN rate of duty ^{3/}	Converted rate ^{4/}	Equivalent of converted rate	
				Ad valorem equivalent	Specific equivalent
				Percent	Per pair
	Footwear (whether or not described elsewhere in this subpart) which is over 50 percent by weight of rubber or plastics or over 50 percent by weight of fibers and rubber or plastics with at least 10 percent by weight being rubber or plastics:				
	Hunting boots, galoshes, rainwear, and other footwear designed to be worn over, or in lieu of, other footwear as a protection against water, oil, grease, or chemicals, or cold or inclement weather, all the foregoing having soles and uppers of which over 90 percent of the exterior surface area is rubber or plastics (except footwear with uppers of non-molded construction formed by sewing the parts thereof together and having exposed on the outer surface a substantial portion of functional stitching)				
	Other footwear (except footwear having uppers of which over 50 percent of the exterior surface area is leather):				
	Having uppers of which over 90 percent of the exterior surface area is rubber or plastics (except footwear having foxing or a foxing-like band applied or molded at the sole and overlapping the upper)				
700.60	Other:				
A	Footwear with open heels and toes; footwear with pliant soles and uppers which when off the foot characteristically fold flat from heel to toe; and footwear with outer soles almost wholly of leather or the soles of which contain not less than 60 percent by weight of iron powder.....	20% ad val.	20% ad val.	20	5/
B	Other.....	20% ad val.	58% ad val.	58	\$0.350
	Gloves and glove linings of textile materials:				
	Gloves not of lace or net and not ornamented:				
704.55	Of wool, knit, and valued not over \$1.75 per dozen pairs.....	40¢ per lb. + 35% ad val.	40¢ per lb. + 35% ad val.	6/	6/

^{1/} For headnotes to the articles listed here, see the Tariff Schedules of the United States (TSUS).

^{2/} Letters (A, B, C, etc.) in this column indicate projected subdivisions of existing TSUS items.

^{3/} Column-1 rates in the TSUS.

^{4/} These are projected column-1 rates. Column-2 rates in the TSUS are applicable to the products of certain Communist dominated or controlled countries. The Commission made no specific determinations with respect to column-2 rates; the ad valorem rates in column 2 of the TSUS could be adjusted so that they bear the same relation to the ad valorem rates in column 1 that currently exists between the ad valorem rates in those two columns.

^{5/} Column-2 rate could be 22 cents per net pound.

^{6/} Not available; no imports under this TSUS item in 1964.

^{7/} Articles in the subclasses of TSUS items 406.10 and 406.50 must be obtained, derived, or manufactured in whole or in part from any product provided for in subpart A or B, part 1, schedule 4.

^{8/} Not available.

BENZENOID CHEMICALS

General Description of the Products

The chemicals subject to ASP provisions are certain "cyclic organic chemicals having a benzenoid, quinoid, or modified benzenoid structure," as well as certain acyclic chemicals "which are obtained, derived, or manufactured in whole or in part from...cyclic products having a benzenoid, quinoid, or modified benzenoid structure." These chemicals, hereafter referred to as benzenoid chemicals, are either characterized by a molecular structure having one or more six-membered rings or are derived from a product having such a structure. Benzenoid chemical crudes, benzenoid elastomers, and most benzenoid chemicals produced from naturally occurring animal or vegetable products are not subject to the ASP provisions.

The benzenoid chemicals include the following 12 industrial use classifications:

(1) Benzenoid intermediates are synthetic organic chemicals derived principally from coal-tar crudes and from petroleum and natural gas. Most of them are used in the manufacture of more advanced synthetic organic chemicals and finished products such as dyes, medicinal chemicals, synthetic rubbers, pesticides, and plastics and resin materials. Some are sold as end products without further processing. In 1964, 203 manufacturers in the United States, employing 20,300 people, produced 1,538 benzenoid intermediates. Ten large-volume, low-priced items made up 63 percent of the value and 81 percent of the quantity of production of all the intermediates. They were ethylbenzene, styrene, phenol, cyclohexane, phthalic

¹/ The term "benzenoid chemicals and products" encompasses the "coal tar-derived products" provided for in the Tariff Act of 1930, and includes certain acyclic chemicals derived from such chemicals. Use of the term "benzenoid chemicals" for tariff purposes became effective with the adoption of the TSUS in August 1963.

anhydride, monochlorobenzene, dodecylbenzene, nitrobenzene, dimethyl terephthalate, and aniline.

(2) Dyes produced in the United States are all derived in whole or in part from benzenoid intermediates. Of several thousand known dyes, some 2,000 are produced domestically: Twenty-five of these account for about 20 percent of domestic sales. In 1964, there were 51 domestic producers employing 9,350 people: Five producers accounted for 59 percent of sales; 5 medium-sized producers, for 17 percent; and 41 small producers, for the rest. 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.

(3) Benzenoid organic pigments are derived in whole or in part from benzenoid chemicals and dyes. A lake is a pigment produced by causing a soluble dye to be adsorbed on an insoluble substrate. A toner is an organic pigment which is itself insoluble and can therefore be produced without a substrate. In 1964, there were 39 producers of pigments employing 3,870 people: Eight producers accounted for 75 percent of the total value of sales; 7 medium-sized producers, for 15 percent; and 24 small producers, for the rest.

(4) Benzenoid medicinal chemicals include principally the medicinal and feed grades of all benzenoid chemicals having a therapeutic value. In 1964, there were approximately 90 producers employing 15,000 people. Twenty producers accounted for about 80 percent of the output; 24 medium-sized producers, for 15 percent; and 46 small producers, for 5 percent of the output.

(5) Flavor and perfume materials are benzenoid organic chemicals used in the manufacture of foods, beverages, cosmetics, and soaps, and to disguise unpleasant odors in industrial products. Synthetic sweeteners, methyl salicylate, and benzyl alcohol accounted for about 50 percent of the total production. In 1964, there were 37 producers employing 1,220 people: Four producers accounted for 73 percent of the total sales; 4 medium-sized producers, for 12 percent; and 29 small producers, for 15 percent.

(6) Benzenoid plastics materials are used in the manufacture of molded, extruded, and cast products. In 1964, there were 137 producers employing 29,700 people: Twenty large producers accounted for 69 percent of the total output; 10 medium-sized producers, for 9 percent; and 107 small producers, for 22 percent of the total.

(7) Benzenoid rubber-processing chemicals are organic compounds that are added to natural and synthetic rubbers to give them qualities necessary for their conversion into finished rubber goods. In 1964, there were 33 producers employing 2,200 people: Six large producers accounted for 83 percent of the total value of sales; eight medium-sized producers, for 13 percent; and 19 small producers, for 4 percent.

(8) Benzenoid elastomers (synthetic rubbers) are used in the manufacture of tires and other rubber goods. These products, though benzenoid in structure, are dutiable under TSUS 446.15 and are not subject to ASP valuation. The term "synthetic rubber" applies to a group of high-molecular-weight polymers which possess, to a greater or lesser extent, the physical properties of natural rubber. However, they do not possess all such characteristics and are, therefore, preferably described as elastomers.

(9) Benzenoid plasticizers are organic chemicals that are added to synthetic plastics and resins to improve workability during fabrication, extend or modify the natural properties of the resins, or develop new, superior properties not present in the original resins. In 1964, four plasticizers accounted for about 55 percent of the total output. In that year there were 40 producers employing 1,930 people: Twelve producers accounted for 91 percent of the total output.

(10) Benzenoid surface-active agents include synthetic organic detergents and wetting, emulsifying, and dispersing agents that function in aqueous or nonaqueous systems. Surface-active agents used as active ingredients in household and industrial detergents accounted for more than 97 percent of the quantity and 90 percent of the value of sales. In 1964 there were approximately 150 producers employing 6,800 people: Twenty producers accounted for about 75 percent of the total output; 40 medium-sized producers, for 15 percent; and 90 small producers, for 10 percent.

(11) Benzenoid pesticides include fungicides, herbicides, insecticides, and rodenticides, and other agricultural chemicals, such as soil fumigants. Seven pesticides account for about one-half the output of the benzenoid-pesticides industry. In 1964 there were 62 producers employing 2,870 people: Ten were large producers and accounted for 85 percent of the total output.

(12) Miscellaneous benzenoid chemicals accounted for 14 percent of total U.S. production of benzenoid chemicals in 1964. About 90 percent of this production consisted of intermediates and polymers for fiber production and lubricating oil additives. Also included here are photographic chemicals and tanning materials.

Summary of U.S. Production and Trade

In 1964, 724 manufacturing companies, employing 116,000 persons (in December) reported total sales of benzenoid chemicals valued at \$3.4 billion.

Total imports in 1964 were valued at \$53 million (foreign or export value), 1/ equivalent to 1.5 percent of domestic sales. Included among 39 importing firms which accounted for 86 percent of the total value of imports were 13 domestic subsidiaries of foreign manufacturers. These 13 accounted for 56 percent of the total invoice value of imports. Imports by domestic concerns from foreign subsidiaries were not significant.

U.S. exports of benzenoid chemicals and products in 1964 had a value of approximately \$285 million.

ASP and Other Valuation Provisions

ASP is defined in section 402 of the Tariff Act of 1930, as amended, as follows: 2/

For the purpose of this section, the American selling price of any article produced in the United States shall be the price, including

1/ The export value or foreign value may differ substantially from invoice value (the value invoiced to the importer by the shipper) for individual entries, but on the average, for imports of benzenoid chemicals in 1964, it differed by only 8 percent (the invoice value was lower). Invoice value was the value published in Imports of Benzenoid Chemicals and Products, 1964; TC Publication 159; U.S.T.C., July 1965.

2/ ASP is also defined in somewhat different terms in section 402a of the Tariff Act of 1930, as amended. Some benzenoid chemicals are subject to valuation under sec. 402 and others are subject to valuation under sec. 402a (as explained later in this section of the report). The differences between the two definitions of ASP are highly technical but of little practical significance as far as this investigation is concerned.

the cost of all containers and coverings of whatever nature and all other expenses incidental to placing the article in condition packed ready for delivery, at which such article is freely sold or, in the absence of sales, offered for sale for domestic consumption in the principal market of the United States, in the ordinary course of trade and in the usual wholesale quantities, or the price that the manufacturer, producer, or owner would have received or was willing to receive for such article when sold for domestic consumption in the ordinary course of trade and in the usual wholesale quantities, at the time of exportation of the imported article.

Headnote 4 (Part 1, Schedule 4 of the TSUS) provides that the ad valorem rates applicable to the benzenoid chemicals under consideration shall be based on the ASP of any similar competitive article manufactured or produced in the United States. 1/ "Similar" or "competitive" articles are defined in headnote 5 to Part 1. 2/ For any given imported benzenoid product, if there is no similar competitive article manufactured or produced in the United States, the ad valorem rate is based on United States value. 3/ In the absence of a United States value (e.g., if the product

1/ Headnote 4 reads as follows: "The ad valorem rates provided in this part shall be based upon the American selling price, as defined in sec. 402 or 402a of this Act, of any similar competitive article manufactured or produced in the United States. If there is no similar competitive article manufactured or produced in the United States then the ad valorem rate shall be based upon the United States value, as defined in the said sec. 402 or 402a."

2/ Headnote 5 reads as follows: "For the purposes of this part, any product provided for in this part shall be considered similar to, or competitive with, any imported product which accomplishes results substantially equal to those accomplished by the domestic product when used in substantially the same manner."

3/ United States value of the imported product (defined in secs. 402 and 402a of the Tariff Act of 1930, as amended) is the wholesale market price in the United States of prototype products imported previously, less import duty, costs of shipment and insurance, and with allowance for commissions or profits, and certain miscellaneous expenses.

is being imported for the first time) the usual valuation procedure for nonbenzenoid products is followed; that is, appraisal is made in accordance with section 402 or 402a (Tariff Act of 1930, as amended), depending upon whether the imported article is on the "final list."

The "final list" is an enumeration of products which are appraised for duty purposes under section 402a. All other products dutiable at ad valorem rates are appraised under section 402. The "final list" was published by the Secretary of the Treasury in 1958 pursuant to section 6(a), Public Law 927, 84th Congress (T.D. 54521). Under the original Tariff Act of 1930, the value provisions were set forth in section 402. Those provisions were modified by Public Law 927, enacted in 1956, and the modified provisions are contained in the present section 402. Public Law 927 provided that if assessment under the new provisions caused a reduction of 5 percent or more in the appraised value of any product, that product would be listed by the Secretary of the Treasury and would be appraised under the old value provisions, which were set forth in section 402a of the amended Tariff Act of 1930.

Many benzenoid chemicals are on the final list and hence are appraised under section 402a when imported. Such imported products, if not competitive and if there is no U.S. value, are dutiable on the basis of foreign value or export value, whichever is higher; 1/

1/ Export value is the wholesale price, at the time of exportation, at which the article packed for shipment to the United States is freely offered for sale for exportation to the United States.

Foreign value is the wholesale price, at the time of exportation, at which the article is freely offered for sale for home consumption, in the principal markets of the exporting country, plus cost of packaging for shipment to the United States.

if neither foreign value nor export value can be ascertained satisfactorily, then cost of production is used.

Imported benzenoids not on the final list and appraised under section 402, if not competitive and if there is no U.S. value, are dutiable on the basis of export value; if export value cannot be determined satisfactorily, then constructed value is used. 1/

In converting the rates of duty from the ASP basis to the conventional basis of valuation no change has been made in the status of articles with respect to the final list.

The ASP method of determining dutiable value was first utilized by the United States in 1922. The valuation provisions for benzenoid chemicals embodied in the TSUS carried over comparable provisions in the Tariff Act of 1930, which in turn had their antecedents in the Tariff Act of 1922.

Before World War I, the manufacture of coal-tar products had been insignificant in the United States. Germany was the major source of such chemicals. With U.S. entry into the war, imports of coal-tar products virtually ceased and their domestic production expanded rapidly. It became clear, however, that once the war was over, the newly created industry would face serious competition from European producers.

1/ Reference should be made to secs. 402 and 402a of the Tariff Act of 1930, as amended, if more detailed information on statutory value definitions and valuation procedures is desired.

Following the war, currency depreciation abroad stimulated exports to the United States. Currency instability and the relative strength of foreign industry induced the Congress to incorporate the ASP method of determining dutiable value of coal-tar products in the Tariff Act of 1922 to enable the domestic producers to compete effectively with the industry abroad.

Proportion of Imports Subject to ASP, U.S., and Other Valuation,
and Year-to-Year Changes in Product Mix of Imports

The tabulation on the following page shows the imports of benzenoid intermediates (part 1B) and of finished benzenoid products (part 1C) imported in 1964 by competitive status. 1/ Approximately 67 percent of the intermediates and 39 percent of the finished products were

1/ Value of imports is invoice value revised to foreign or export value.

imported as "competitive;" that is, the duty was assessed on the American-selling-price basis of valuation.

Status	Part 1B		Part 1C		Total	
	Export	Per-	Export	Per-	Export	Per-
	or for- eign value	cent of total	or for- eign value	cent of total	or for- eign value	cent of total
	<u>1,000</u>		<u>1,000</u>		<u>1,000</u>	
	<u>dollars</u>		<u>dollars</u>		<u>dollars</u>	
Competitive (duty based on ASP)-----	10,449	67	14,712	39	25,161	47
Noncompetitive (duty based on U.S. value)-----	2,210	14	16,300	44	18,510	35
Noncompetitive (duty based on foreign or export value)-----	2,918	19	6,291	17	9,209	17
Competitive status not available-----	12	1/	146	1/	158	1/
Total-----	15,589	100	37,449	100	53,038	100

1/ Less than 0.5 percent.

Changes from one year to another in the mix of benzenoid products imported have been substantial. For example, of 2,400 items imported in 1963, about 1,350 were items of a type that had not been imported in 1961. On the other hand, there were about 1,600 items which had been imported in 1961, but were not imported in 1963. In 1964, because of altered chemical coding, the comparison cannot be made on the same basis as for 1963 versus 1961. In 1964, about 1,200 new items (of a total of 2,700) were imported.

Standards of Strength and the
Assessment of Specific Duties

According to headnote 6, subpart 1C, the specific part of the duty on imports of colors, dyes, and stains (except articles provided for in item 406.80) which exceed standards of strength established by the Secretary of the Treasury is computed on the weight which the article would have if it were diluted to the standard strength; the specific rate must not be less than that provided in subpart C for such colors, dyes, and stains.

Inasmuch as several of the TSUS items for colors, dyes, and stains do not have specific rates, the standards of strength provision in headnote 6 applies only to sulfur black (item 406.02), vat blue 1 (item 406.04), those colors, dyes, and stains in item 406.60, and colors, dyes, and stains imported from Communist-dominated countries subject to Column-2 rates of duty. Imports of sulfur black and those articles in item 406.60 have been insignificant; imports of vat blue 1 have been fairly large in relation to U.S. production; imports of colors, dyes, and stains dutiable at Column-2 rates have been negligible.

Benzenoid chemicals other than colors, dyes, and stains, which are subject to compound rates of duty, usually are imported at full strength. To do otherwise would subject the diluent to the specific rate of duty. The cost of the imported article would thus be

increased both by the extra freight charged for the diluent and the extra duty levied thereon.

Determination of Converted Rates

Data used for converting rates

The Commission regularly obtains by analysis of customs invoices certain information regarding each importation of benzenoid chemicals, including the date of shipment, net weight, invoice value, entered value (estimated dutiable value), and the names of the foreign exporter and the U.S. importer. The Commission has such information on approximately 15,000 entries of dutiable benzenoid chemicals for the calendar year 1964. A sample of approximately 1,000 of the 1964 entries was selected for further analysis. In selection of the sample, attention was given to such details as the frequency of importation of each compound; the size of individual shipments; unit values; whether duty was based on ASP, U.S. value, or foreign or export value; import sources; and volume of trade between trade partners (a foreign manufacturer and a U.S. importer). Chemical compounds identical to those included in the sample accounted for 69 percent of the export or foreign value of imports in 1964 of dutiable benzenoid chemicals, and for more than 80 percent of the aggregate of such imports dutiable on the basis of ASP and U.S. value.

An estimate was made for each entry in the sample of what the dutiable value would have been in the absence of headnotes 4 and 5 to part 1, Schedule 4 of the TSUS. The estimate involved revisions

including net weight corrected to standard weight, 1/ invoice value to export value or foreign value, and entered value to final liquidated value. In the light of the revised values in the sample, the values for all similar import entries of benzenoids in 1964 were adjusted to reflect the estimated dutiable values that would have been used in the absence of the headnotes in question.

Computation of converted rates

Based on data for individual entries of benzenoid chemicals in 1964, adjusted to reflect dutiable values that would have prevailed in the absence of the ASP provisions, converted rates were determined for all articles provided for in the 70 items in subparts B and C, Part 1, Schedule 4 of the TSUS. Nearly all of the rates are compound, i.e., with specific (cents per pound) and ad valorem components. Only the ad valorem rates were revised in making the conversions. For 16 TSUS items there were no imports in 1964, and the tentative converted rates that were published were the existing rates. Subsequent to publication of the tentative rates the Commission received usable data from interested parties for converting the rates on 11 of these items and such data were used to compute increased converted rates for the following 10 items: 403.40, 403.70, 407.04, 407.06, 407.35, 407.75,

1/ The dutiable value may be affected by adjustments of the landed weight by at least three variables: (1) molecular weight or formula, (2) degree of concentration of solutions, and (3) moisture content of solids, as well as adjustment for the value of reusable metal containers.

407.80, 408.10, 408.15, and 408.75 (see converted rate schedule pp. 6 to 17). For the 5 items for which no data were received and 1 item for which data did not warrant an increase, the Commission made no change in the tentative converted rate (i.e., the current TSUS rate). The products described in these items consist of nonexistent, commercially insignificant, or obsolete compounds, or low-priced compounds that are produced in large quantities in the United States with little if any possibility of significant competition from imports if the basis of the present rate of duty were shifted from ASP to export or foreign value.

In addition, the Commission received information indicating some compounds had been misclassified in determining the tentative converted rates. Such errors were corrected and any required changes in computed rates were made (compare items 403.48, 403.50, 403.60, 406.10, and 407.85 of the schedule of tentative converted rates with those on pp. 6 to 17). Also, as a result of information received from interested parties, certain compounds not previously named were separately specified and the affected rates adjusted accordingly (see items 403.60, 403.80, 406.50, 406.70, 406.80, and 407.85 of the rate schedules), and the tentative rates on items 405.05 and 405.45 were increased.

Revisions were made also in the tentative converted rates for certain projected basket subclasses. The tentative converted rates for such basket classes were the weighted averages of the converted rates for the whole TSUS items. However, in order to arrive at rates which would provide substantially the same amount of collected duty as

the present ASP rates, the Commission computed a converted rate for each such basket class equal to the weighted average for the imported articles remaining in the class. Rates were revised for the basket classes of items 403.80, 405.15, 406.50, 406.70, and 407.85; four were lowered, and one was raised. The number of subclasses was reduced for some items and increased for others (see items 403.50, 405.40, and 406.70).

The tentative rates for benzenoid mixtures, items 403.90 and 409.00, were revised as a result of suggestions received by the Commission from a number of interested parties (both producers and importers). The converted rates are the current rates but not less than the highest rate applicable to any component provided for in the respective subparts (B and C, Part 1 of Schedule 4).

For the 54 TSUS items under which imports subject to ASP provisions entered in 1964, the ad valorem parts of the current rates were converted as follows: The computed duty, based on only the ad valorem part of the current rate, for each compound or group of compounds, was divided by the revised dutiable value (usually export value or foreign value) for such compound or group of compounds; the result was the ad valorem component of the converted rate. Since this ad valorem component was an average for each compound or an average of the AVE's 1/ for a group of compounds there were, obviously, balancing

1/ AVE as used here and elsewhere in this report is the average ad valorem equivalent, based on the foreign or the export value, of the ad valorem part of the computed duty based on the ASP of an imported article.

increases and decreases in the computed rates. Twelve of the 54 TSUS items mentioned above were divided into subclasses in order to minimize the extent of these duty changes. These subclasses were formed by grouping named compounds for which the ratios between the actual dutiable values (those under ASP provisions) and the adjusted dutiable values (those in the absence of the ASP provisions) were not widely dispersed.

Considerations Involved in Determining the Converted Rates

Selection of type of rate

Most benzenoid chemicals are subject to compound rates of duty, containing both specific and ad valorem components. When these rates are assessed on an ASP basis, the impact of the ad valorem component is quite unlike that of usual ad valorem duties; its impact resembles that of specific duties. Once the American selling price for a given entry is determined, an identical duty (in dollars) is imposed on all entries of that product, irrespective of its foreign value. Unlike the results obtained from the usual specific duty, however, the duty imposed varies with changes in the American selling price of the competitive domestic product.

Converted rates of duty which would yield the same revenue on imports entered in 1964 as that collected through application of the

present rates under the ASP provisions could be of various types, including the following:

- (1) Compound rates--in which the present specific rates would be unchanged and the ad valorem rates would be adjusted to a percentage which, if applied to export value, would have yielded the same revenue on the respective entries as was raised in 1964.
- (2) Ad valorem rates--in which all compound rates would be converted to ad valorem rates, based on export value, which would have yielded revenues comparable to those described above.
- (3) Specific rates--in which each compound rate would be converted to a specific equivalent, which would have achieved comparable results.

In computing the "converted rates" for benzenoid chemicals the method used was that identified in (1) above. Use of rates thus computed involved the least change from the current rates as set forth in the TSUS.

Use of straight ad valorem rates, as identified in category (2), would result, even more than now, in the collection of increasing revenues per unit of import during periods of rising world prices and of decreasing revenues during periods of falling world prices. Rates of this type would be likely to improve the supplier position of low-cost foreign suppliers and affect more adversely high-cost suppliers.

Use of straight specific rates, as identified in category (3), would cause the effective burden of the duties collected to vary inversely (even more than currently) with the price of the imported articles. Such rates would tend to afford diminishing protection to domestic producers during periods of rising world prices and would act conversely during periods of falling prices.

Under the requirements set forth in the request to the Commission, the rates that most closely approximate the present schedule of rates for benzenoid chemicals, both in structure and burdens imposed, are those described in category (1). The converted rates maintain the present specific components intact and, together with the converted ad valorem components, are designed not only to yield substantially the same revenues as the old rates but also to retain more nearly the effectiveness of the present rate structure as prices change.

Most imported benzenoid chemicals having no similar competitive domestic product are dutiable on the basis of U.S. value, which is generally lower than value based on ASP; therefore, the conversion of ad valorem rates of duty based on the ASP provisions to average rates which would apply under conventional methods of valuation will usually provide increases in duty on noncompetitive imports and decreases in duty on competitive imports. This characteristic is inherent in all three of the above-described types of duty.

Export price variation

Analysis of the revised foreign export values for benzenoid imports in 1964 for variations in export price of single compounds revealed a high degree of homogeneity for each compound.

Of the 27 TSUS items that had only a single compound (or coded chemical) imported, 12 had no export price variation; 6 had a variation of not more than 10 percent from the average price. The other 9 had prices that varied more than 10 percent from the average, but for most of them only one or two entries were at the extreme end of the range.

Only 3 TSUS items (405.20, 408.45, and 408.80) had substantial price variations and a substantial volume of trade. One of these was the chemical code for photo chemicals (TSUS 405.20), and a wide variation in price of such chemicals is to be expected.

Analysis of prices of compounds in the so-called basket categories revealed a uniformity of adjusted export prices for each compound. Export or foreign prices tend to be uniform because: (1) Usually there is only one manufacturer and one importer of the chemical product; (2) most of the trade in benzenoid chemicals, particularly dyes and intermediates, takes place on a transfer basis between foreign and domestic affiliated firms; or (3) most of the imports by a firm not affiliated with the foreign producer enter as periodic shipments under a contract and the price is the same for each entry.

The variations in the unadjusted price of a single coded chemical occur because: (1) The code covers more than one compound; (2) the compound is imported from more than one producer; (3) different entries of the imported compound contain different amounts of moisture; (4) the compound enters in different degrees of concentration; (5) the compound is imported either in a technical grade or a pure grade; (6) the size of the shipment varies; or (7) market conditions abroad and in the United States fluctuate.

The greatest price variation within compounds was most often observed in products that were noncompetitive and usually were dutiable at export value. Such chemical items usually included many specialty

compounds grouped under one chemical code because individually they were small in value, specialized compounds, or sample shipments.

Number of converted rates per TSUS item

The AVE was determined for each compound imported in 1964. The range and distribution of the AVE's were inspected for each TSUS item containing more than one compound (and for several items mentioned previously that covered only one chemical product). For some items the range of computed AVE's was small and evenly distributed in terms of volume of imports. For such items only one converted rate was determined.

For other TSUS items covering several to many chemical compounds the range of computed AVE's was large. In such items, compounds or groups of compounds with substantial imports and similar AVE's were combined into subclasses. After subclasses for the compounds or groups of compounds important in import trade in 1964 were provided for, the remaining compounds were grouped at an average converted rate based on the AVE's of the compounds remaining in the "all other" group.

Rates for competitive and noncompetitive imports

Separate converted rates were not established for competitive imports and for noncompetitive imports. ^{1/} Of the 70 TSUS items for which new rates have been proposed, all imports in 18 items were competitive. Of the remaining 52 items, there were no imports in 16, 9

^{1/} See section on equivalency of protection, page 55.

were wholly noncompetitive and 27 items, mainly basket categories and multiple product items, were a mixture of competitive and noncompetitive products.

Where there was a mixture of competitive and noncompetitive products in a TSUS item, the aggregate value of imports was obtained and used in establishing a converted rate. For basket categories, products were grouped regardless of whether they were competitive or noncompetitive. This tended to cause a greater scatter of the AVE's in such categories and the average converted rate was, therefore, less representative of each compound.

However, the breakout of projected subclasses sometimes had the effect of segregating competitive and noncompetitive imports. For example, all of the noncompetitive imports contained in TSUS item 403.48 were in subclass 403.48A and accounted for about 90 percent of that subclass. Nearly all imports in subclass 403.50A were noncompetitive and all those in 403.50B and 403.50C were competitive. Virtually all of the noncompetitive imports in TSUS item 407.85 were in subclass 407.85F, in which only about 1 percent of imports were competitive. Of the more than 100 converted rate provisions, four (403.60G, 405.25, 405.30, and 406.50J) accounted for most of the mixing of competitive and noncompetitive imports having AVE's substantially different from each other. These four classes accounted for about 25 percent of all benzenoid imports in 1964.

RUBBER-SOLED, FABRIC-UPPER FOOTWEAR

Description

Footwear having uppers of fabric and soles of rubber or plastics are provided for in item 700.60 of the TSUS. Such footwear consists of tennis oxfords worn for exercise, recreation, and ordinary street wear; basketball shoes; specialties designed for leisure, street, or beach-wear; and footwear commonly referred to as "sneakers." This TSUS item also provides for footwear having uppers of fabric and plastics in which less than 90 percent of the exterior surface area of the upper is plastics. Such articles consist of folding slippers, scuffs, some boots with a turned-down cuff of fibers, and various specialty-type shoes. These latter articles and certain shoes with leather soles or with iron powder in the soles have been found by the Bureau of Customs to be not like or similar to articles produced in the United States and therefore not subject to duty on the ASP. 1/ For convenience the articles of footwear in item 700.60 will be referred to as rubber-soled fabric-upper footwear.

Production, Imports, and Exports

According to the 1963 Census of Manufactures, 51 establishments in the rubber footwear industry produced waterproof and fabric-upper footwear; 36 of the establishments were located in the northeastern part of the United States. It is believed that more than 30 U.S.

establishments produce the type of footwear considered herein.

1/ Domestic producers are protesting to Customs that the above-described sneakers with iron powder in the soles are directly competitive with domestically made weighted sport-training shoes and should therefore be subject to the ASP provision.

The U.S. annual production of rubber-soled fabric-upper footwear increased steadily from 71 million pairs in 1958 to 103 million pairs in 1961 and to 166 million pairs in 1965 (table 1). The value of shipments in 1963 was \$267.4 million.

Table 1.--Footwear with uppers of fabric and soles of rubber or plastics: U.S. production, imports for consumption, exports of domestic merchandise, and apparent consumption, 1958 and 1962-65

(Quantity in thousands of pairs)					
Year	Production	Imports	Exports	Apparent consumption	Ratio (percent) of imports to consumption
1958-----	71,409	3,500	122	74,787	5
1962-----	138,000	30,900	82	168,818	18
1963-----	151,774	28,900	130	180,544	16
1964-----	162,206	29,063	225	191,044	15
1965-----	165,909	33,363	225	199,047	17

Source: Production data for 1958 and 1963-65, imports for 1964-65, and exports for 1958 and 1962-64 are compiled from official statistics of the U.S. Department of Commerce. All other data for production, imports, and exports are estimated by the U.S. Tariff Commission.

The U.S. annual imports of the footwear considered herein increased from less than 4 million pairs in 1958 to about 32 million pairs in 1961; imports then declined to 29 million pairs in 1964. Imports amounted to 33.4 million pairs, having a value of \$17.6 million in 1965; Japan supplied 77 percent of the imports by quantity; Taiwan, 7 percent; and Hong Kong, 6 percent. Imports were equivalent to about 17 percent of U.S. consumption during 1962-65.

U.S. exports of rubber-soled fabric-upper footwear declined from 122,000 pairs in 1958 to 69,000 pairs in 1960, and then increased to 225,000 pairs in 1964.

Origin of the ASP Provision and Subsequent Changes
in Rates of Duty

Footwear with fabric uppers was originally dutiable at the rate of 35 percent ad valorem under paragraph 1530(e) of the Tariff Act of 1930. As a result of a Tariff Commission investigation under section 336 of that act, such footwear "with soles composed wholly or in chief value of india rubber or substitutes for rubber" became dutiable, effective March 3, 1933, at 35 percent ad valorem of the ASP of like or similar articles produced in the United States. Pursuant to negotiations with Japan under the GATT, the rate of duty on rubber-soled fabric-upper footwear was reduced to 20 percent, effective September 10, 1955. Under the TSUS, item 700.60 was established to provide for the footwear considered herein at the rate of 20 percent, subject to ASP provisions. However, there are some imports entered under this TSUS item which are not like or similar to domestic articles and hence not subject to ASP.

Types of Footwear Imported and Proportion Dutiable
on ASP

In 1964, an estimated 21 million pairs, or 73 percent of the total imports of footwear provided for in item 700.60, were dutiable on the ASP basis of valuation. In 1965, about 18 million pairs, or 53 percent of the total, were dutiable on ASP (table 2). These articles are primarily tennis-type oxfords, basketball shoes, and footwear commonly referred to as sneakers.

Table 2.--Footwear with uppers of fabric and soles of rubber or plastics: U.S imports for consumption, by principal sources, by duty basis, 1965

Country	: Dutiable on : basis of American : selling price	: Not dutiable on : basis of American : selling price	: Total
	Quantity (1,000 pairs)		
Japan-----	14,313 :	11,356 :	25,669
Hong Kong-----	582 :	1,464 :	2,046
Taiwan-----	1,519 :	919 :	2,438
Republic of Korea-----	365 :	1,072 :	1,437
France-----	11 :	158 :	169
Belgium-----	87 :	233 :	320
Italy-----	6 :	104 :	110
United Kingdom-----	144 :	32 :	176
India-----	380 :	85 :	465
Netherlands-----	57 :	54 :	111
Republic of Philippines--	49 :	8 :	57
Nansei & Nanpo Islands--	52 :	- :	52
All other-----	11 :	302 :	313
Total-----	17,576 :	15,787 :	33,363
	Value (1,000 dollars)		
Japan-----	8,722 :	4,185 :	12,907
Hong Kong-----	360 :	801 :	1,161
Taiwan-----	717 :	351 :	1,068
Republic of Korea-----	210 :	417 :	627
France-----	7 :	417 :	424
Belgium-----	59 :	206 :	265
Italy-----	14 :	189 :	203
United Kingdom-----	127 :	63 :	190
India-----	128 :	27 :	155
Netherlands-----	49 :	71 :	120
Republic of Philippines--	82 :	13 :	95
Nansei & Nanpo Islands--	31 :	- :	31
All other-----	15 :	353 :	368
Total-----	10,521 :	7,093 :	17,614

Source: Compiled from official statistics of the U.S. Department of Commerce.

Administration of the ASP Provision by Customs and Change
in Method of Determining ASP

Imported rubber-soled fabric-upper footwear covered by TSUS item 700.60 is deemed by Customs to be like or similar to domestic footwear, and thus dutiable on the ASP, when the imported article is directly competitive with a domestic product. The customs examiner determines with which domestic footwear, if any, each imported article competes directly and obtains the ASP of the competitive domestic article. The present rate of duty is assessed on this ASP.

Prior to 1963, the practice of the Bureau of Customs in the appraisement of such footwear was to assess the duty on the value of the highest priced like or similar domestic article. In early 1963, the Bureau suspended appraisement of footwear found to be subject to the ASP provision pending a possible change in the method of determining the ASP.

In the Federal Register of August 19, 1965, the Bureau announced proposed new guidelines for the appraisement of the footwear subject to ASP valuation. Under the new guidelines which were adopted in February 1966, the appraisement of such footwear is made at the value of the like or similar domestic article closest in price to the price of the imported article. The change is being appealed in the courts by the U.S. producers.

Determination of Converted Rate

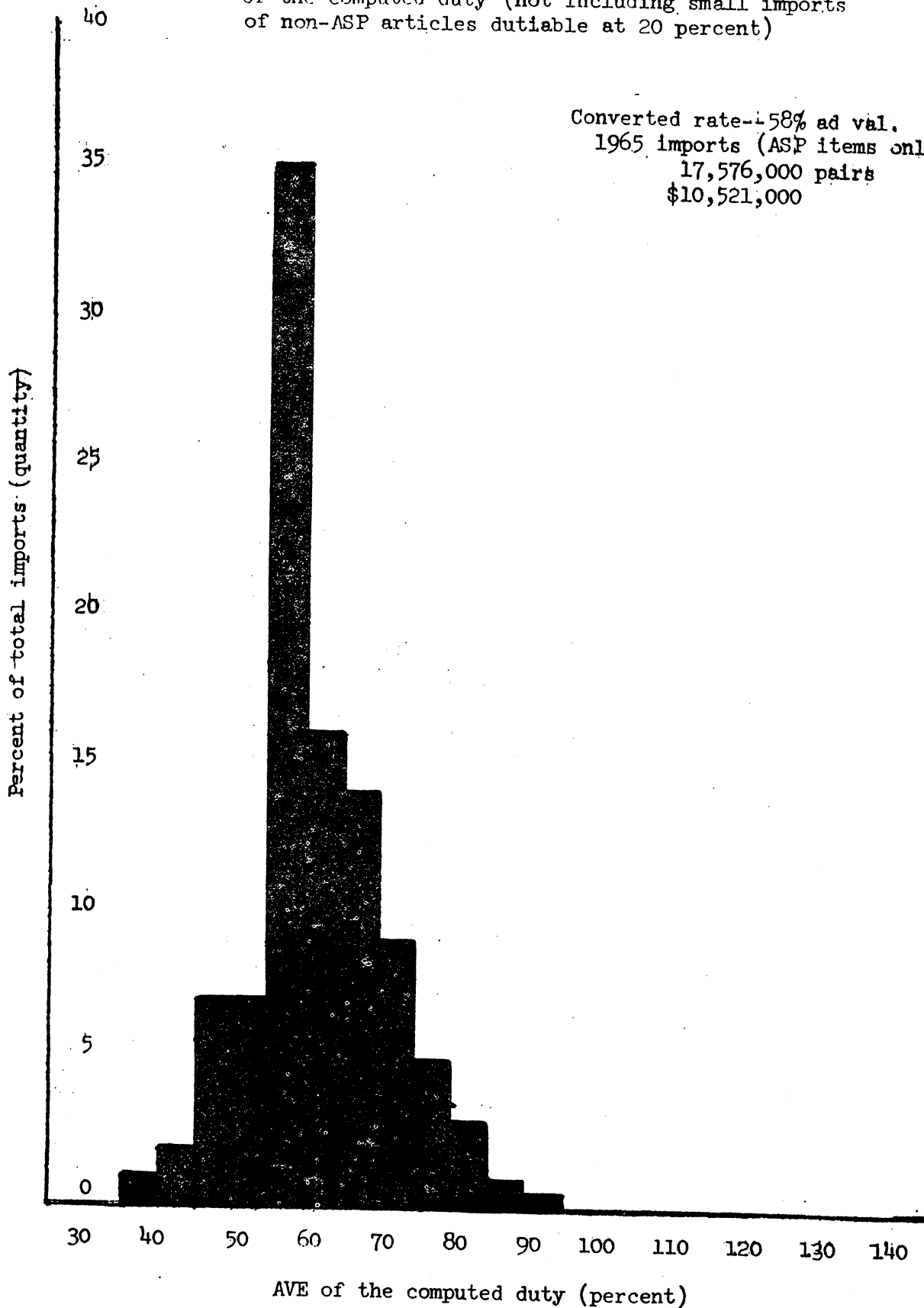
Statistical data were collected covering, for the calendar year 1965, about 41 percent of the total imports of footwear in item 700.60 (under which are entered all footwear dutiable on the basis of ASP). These data and other pertinent information were collected at the four major ports of entry (New York, Boston, Los Angeles, and San Francisco).

Quantity, export value, and unit ASP (supplied by the Customs Bureau) 1/ were tabulated for each entry. The ad valorem equivalents, based on export value, 2/ of the present rate of duty (AVE's) were computed. The quantity and value of imports were arrayed according to their AVE's, as shown in the figure on the following page. From these data, the weighted average ad valorem equivalent or converted rate was determined for the footwear subject to ASP valuation. The tentative converted rate obtained under the new guidelines was published as 60 percent ad valorem. Information obtained by the Commission subsequent to publication of the tentative converted rate schedule indicated that the description of shoes covered by item 700.60 and not subject to ASP valuation should be broadened, and also that a small quantity of such shoes dutiable at 20 percent ad valorem on the basis of export valuation would of necessity be combined with the shoes

1/ The Customs Bureau supplied the Commission with the unit ASP's under both the old and the new guidelines mentioned above. The Commission's computations have been made using the new ASP guidelines.

2/ Rubber-soled fabric-upper footwear is on the "final list" published by the Secretary of the Treasury pursuant to sec. 6(a), Public Law 927, 84th Cong. (T.D. 54521). Such footwear is therefore subject to valuation under sec. 402(a), Tariff Act of 1930, as amended. Generally speaking, in the absence of an ASP valuation, the valuation would be based on the export value.

Projected class 700.60B, footwear: Range of AVE
of the computed duty (not including small imports
of non-ASP articles dutiable at 20 percent)



entered under the ASP provision. The resultant average converted rate of duty is 58 percent. Item 700.60 is divided into two projected sub-classes identified as A and B in the following tabulation:

Class	Description	Converted rates of duty
	Footwear (whether or not described elsewhere in this subpart), etc.:	
	Other footwear (except footwear having uppers of which over 50 percent of the exterior surface area is leather):	
(700.55)	Having uppers of which over 90 percent of the exterior surface area is rubber or plastics (except footwear having foxing or a foxing-like band applied or molded at the sole and overlapping the upper).....	
	Other:	
700.60A	Footwear with open heels and toes; footwear with pliant soles and uppers which when off the foot characteristically fold flat from heel to toe; and footwear with outer soles almost wholly of leather or the soles of which contain not less than 60 percent by weight of iron powder.....	20% ad val.
B	Other.....	58% ad val.

The description covering class A has been designed to provide for nearly all of the footwear that the Bureau of Customs has found to be not like or similar to articles produced in the United States and, therefore, not subject to duty on ASP valuation. These articles include: Sandals and scuffs with open toes and heels; folding slippers; sneaker-type footwear with outsoles of leather coated with plastics to simulate

rubber and a foxing that overlaps the outersole; and sneaker-type footwear with iron powder in the sole.

CERTAIN CANNED CLAMS

Description

A clam is a bivalved mollusk (two-shelled shellfish). TSUS item 114.05, the item here concerned, covers clams other than razor clams (including clam pastes and sauces but not clam chowder) in airtight containers. Included in this item are whole clam meats, minced clam meats, smoked whole clam meats, clam sauce, and oriental specialties. The latter include seasoned, baked, and broiled clams canned in Japan. Canned boiled baby clams are the only article in TSUS item 114.05 which the Customs Bureau has found to be like or similar to a domestic product and hence the only type on which the duty has been determined on ASP.

Production, Imports, and Exports

Domestic clams like or similar to imported boiled baby clams are packed in 3 plants in Maine, 2 in Washington, and 1 each in Delaware, Alaska, and New York. Some of these plants pack insignificant amounts of such clams. Import competition is confined mostly to New England and the Pacific Coast States. Prior to 1959 production exceeded imports. U.S. production and estimated imports of boiled baby clams

for the years 1959-64 were as follows (in thousands of pounds, net weight): 1/

Item	1959	1960	1961	1962	1963	1964
Production-----	560	560	435	390	255	460
Imports-----	930	745	1,260	1,060	1,055	1,025

There are believed to be no U.S. exports of clams like or similar to canned boiled baby clams.

Origin of the ASP Provision and Subsequent Change in Rate of Duty

Under the Tariff Act of 1930 canned clams were originally dutiable at 35 percent ad valorem. As a result of a Tariff Commission investigation under section 336 of that act, "clams other than razor clams, and clams in combination with other substances (except clam chowder), packed in airtight containers" became subject to duty, effective May 31, 1934, at 35 percent of the American selling price of like or similar articles produced in the United States. Pursuant to negotiations with Japan under the GATT, the rate of duty on the above described classification of canned clams (now TSUS item 114.05) was reduced to the present rate of 20 percent, effective September 10, 1955.

1/ Production is computed by doubling the drained-weight figures reported by the Bureau of Fisheries. Canned minced clams (other than razor clams), which are also dutiable under TSUS item 114.05, are produced in large volume; more than 8 million pounds in 1964.

Proportion of Imports Dutiable on ASP

Total imports of canned clams covered by TSUS item 114.05 amounted in 1964, to 1,403,000 pounds with an estimated foreign export value of \$447,000. Imports dutiable on the ASP accounted for an estimated 1,025,000 pounds or 73 percent of the total net weight and \$223,000 or 50 percent of the total foreign export value of the imports under item 114.05.

Administration of the ASP Provision by Customs

Customs practice is to assess duty on imported boiled baby clams on the basis of the value per pound (drained weight) of domestic boiled canned whole clams sold in Portland, Maine, to all purchasers in the ordinary course of trade, in wholesale quantities of from 5 to 100 cases of 24 10-ounce, net weight (5-ounce, drained weight) cans. The ASP is constant over long periods of time; during all of 1964 it was \$9.60 per case less 1.5 percent. This was equal to 63 cents per pound, net weight, and the specific equivalent of the 20 percent rate of duty was 12.6 cents per pound, net weight.

The Customs Bureau has found no wholesale domestic market for articles imported under item 114.05 other than boiled baby clams. The duty on imports of these other articles is, therefore, assessed on the basis of their export value.

Determination of Converted Rate

Entry papers for the year 1964 were obtained from six of the seven leading U.S. ports of entry for TSUS item 114.05. These papers

covered 73 percent of the aggregate net weight of imports of the item for such ports, and 62 percent of total U.S. imports of the item.

Entries were segregated into those valued at the ASP and those valued at the export value; quantities and values were tabulated, and unit values were computed. The weighted average unit export value of the boiled baby clams was 22 cents per pound and of the other articles was 59 cents per pound, both on a net weight basis. Little of either class ranged far from the average. Seventy percent of the imports of boiled baby clams had unit export values within plus or minus 5 percent of the weighted average unit export value. In view of the almost constant ASP and the relatively uniform unit foreign export value, it appears that the best conversion rate for boiled baby clams is a specific rate of 12.5 cents per pound. This rate entails no significant change in the amount of duty collected on such clams.

An upper unit value limit of 40 cents per net pound was set on boiled baby clams even though the maximum unit export value in the 1964 sample was 26 cents per pound. The reason for this is that the drained weight of these clams is usually only half the net weight and this ratio could easily be increased substantially. Thus, if the upper value were placed at 30 cents per pound it would be necessary only to increase the weight of clams in a 10-ounce can from 5 ounces to about 7 ounces (reducing the juice content accordingly) to change the rate of duty from 12.5 cents per net pound to 20 percent ad valorem or between 4 and 5 cents per pound. Less than 4 percent of

the articles reported to be other than boiled baby clams had a unit value in 1964 of not over 40 cents per pound (some of these appear to have been misclassified). The total imports in that year of such articles with a unit value not over 40 cents are estimated to have been valued at less than \$10,000.

CERTAIN WOOL KNIT GLOVES AND MITTENS

"Gloves and mittens, finished or unfinished, wholly or in chief value of wool, valued at not more than \$1.75 per dozen pairs" were provided for in the Tariff Act of 1930 at the rate of duty of 40 cents per pound and 35 percent ad valorem. As a result of a Tariff Commission investigation under section 336 of that act, such gloves and mittens, if knit, became subject to duty on the basis of the ASP of the like or similar domestic article, effective March 22, 1936; the rate was not changed at that time. Pursuant to negotiations with China under the GATT, the rate was reduced to 30 cents per pound plus 17-1/2 percent in 1948, but was restored to the original level in 1950 following withdrawal of China from the GATT. The articles here considered are currently provided for in TSUS item 704.55 at the rate of 40 cents per pound plus 35 percent ad valorem; the ASP provision is headnote 4, part 1C, schedule 7 of the TSUS.

Importation of wool-knit gloves and mittens valued at not more than \$1.75 per dozen pairs virtually ceased in the late 1930's. Three

very small entries reported in official statistics in recent years were undoubtedly due to errors either in statistics or in classification. The value limitation (less than 15 cents per pair) precludes any imports under item 704.55, even if the ASP provision were not in existence. The current cost of even low-grade wool yarn and the rise in labor costs since the 1930's makes imports of this item most improbable.

The National Association of Glove Manufacturers submitted to the Commission a recommendation that the rate of duty now applicable to the gloves classified in item 704.55 be retained and that the ASP provision covering that item be deleted. There have been no comments from other interested parties including importers. The converted rate for TSUS item 704.55 is therefore 40 cents per pound plus 35 percent ad valorem.

DEGREE OF EQUIVALENCY OF PROTECTION
ACHIEVED BY THE CONVERTED RATES

The Special Representative for Trade Negotiations asked the Commission to determine those rates of duty for products subject to ASP provisions which, in the absence of the ASP provisions, would have provided an amount of collected duty on imports of such products in a recent period substantially equivalent to that amount provided under the ASP provisions. The converted rates reported respond to this request.

The Commission was also asked to indicate its assessment of the degree of equivalency of protection achieved by the converted rates. 1/ Before doing so, it should be understood that because of the very nature of the ASP system of valuation, no schedule of converted rates could be devised which would provide for future imports "protection" equivalent to that afforded by the ASP system.

A unique feature of the ASP system in actual operation is that ASP valuation is used only when a domestically made product is competitive with a given import; normally (for non-ASP imports) the dutiable value is determined from the value of the imported article in a foreign market. Thus, ASP, in effect, gives to the domestic industry the opportunity of achieving a duty increase by going into competition with the imported product. Also, under ASP, the amount

1/ Implicit in this request is a recognition that the level of protection is not necessarily measured by the amount of duty collected.

of duty collected automatically responds to price changes by American producers. The ASP system thus enables industries to have a flexible tariff. Also, under the ASP system a change in the export price by a foreign supplier has no effect on the duty. If the rates were converted a change in the export price would also mean a change in the duty. Any change to a dutiable valuation other than ASP eliminates these key features.

There are also problems which enter into the computation of the converted rates which particularly affect the degree of protection for future imports. Among such problems are the following: (1) No matter what base period is chosen, whether any one year or any series of years, one can say categorically that no future period will ever be exactly the same, especially in the mix and unit prices of imports. (2) The basis for combining various chemical compounds in basket classes of necessity involves balancing increases and decreases, of varying degree, in the equivalent converted rates on individual compounds.

Benzenoid Chemicals

A substantial degree of equivalency of protection has been achieved in the converted rates for the single-line TSUS items that were imported in 1964, and for the specifically named chemical compounds that were imported in the various subgroups, such as 403.60A, B, C, D, and so on.

In the basket categories such as 403.60G and 406.50J, the equivalency of the degree of protection achieved varies. Because the

converted rate of the basket categories of competitive and noncompetitive benzenoid chemicals was a weighted average for the aggregate, the degree of protection was usually raised on noncompetitive articles and lowered on competitive articles in such categories. A more equivalent degree of protection might have been achieved by establishing a rate for competitive compounds and a rate for noncompetitive compounds in the basket categories. However, such a competitive-noncompetitive rate distinction, if continued in the future, would not be in compliance with the request of the Special Representative to eliminate both headnotes 4 and 5, part 1, Schedule 4 of the TSUS.

Elimination of both headnotes 4 and 5 could be accomplished by "freezing" the competitive-noncompetitive status of imports as of 1964 and providing for compounds not imported in that year at the competitive rate (on the assumption that the varied domestic production would have provided competitive articles had not the ASP provisions prevented competing imports). However, such a solution would require naming specifically about 1,700 noncompetitive articles imported in 1964 (many of them trade-named articles).

On the other hand, a substantial degree of equivalency of protection for those benzenoid chemicals imported in 1964 has been achieved by specifically naming as many compounds within the various sub-categories as sound standards of tariff nomenclature would allow. This, of course, resulted in a large increase in the number of compounds named and a substantial increase in the number of rate provisions in the projected benzenoid chemical tariff schedule. No weight was given,

In determining the converted rates, to the many articles which are produced abroad but which were not imported and for which usable data were not obtainable.

Footwear

The degree of equivalency of protection achieved by the converted rate on rubber-soled, fabric-upper footwear is at least as high as on the multi-product, nonbasket benzenoid chemical categories. The converted rate is the result of averaging the AVE's for the different types of footwear, i.e., some rates were increased and some were decreased. However, the bulk of ASP-type shoes are from one foreign country and are imported largely by one importer.

Canned Clams

For canned clams dutiable under the ASP provision the converted rate would achieve the same degree of protection as the current rate so long as the ASP remains stable, as it has for the past 3 years. If the domestic price of canned boiled whole clams should rise the ad valorem equivalent (based on export value) of the converted specific rate would, of course, be lower than that of the current rate if the ASP provision were still in force.

Wool Knit Gloves

With respect to wool knit gloves and mittens valued at not more than \$1.75 per dozen pairs, the obsolescence of the value bracket brought about by increased world prices makes assessment of the equivalency of protection of this article unnecessary.

