primary activities of the Committee has been to represent the industry on tariff and trade matters involving plastics before the various governmental agencies as well as the appropriate Committees of Congress. Only last month, we appeared before the Trade Information Committee to offer testimony in connection with TIC's study of the future of U.S. foreign trade policy.

For convenience sake, I have separated my presentation into four specific categories. In the first part of my statement, I shall endeavor to discuss where the plastics industry stands today in relation to world trade and its prospects for the future. Next, I shall address my remarks to the significance of trade barriers, both in the United States and abroad. Third, I shall comment on the problems faced by American plastics exporters and offer some suggestions on steps which could be taken to make the plastics industry more equivalently competitive in world markets. The final portion of my presentation will deal with the implementation of U.S. trade policy, generally, and will offer comment on the proposals embodied in the Trade Expansion Act of 1968 recently transmitted to the Congress by the Administration.

I. The Competitive Position of the United States Plastics Industry in World Trade and Prospects for the Future

A. PLASTICS MATERIALS

1. Production volume and growth

The plastics materials industry is large in size, and is growing rapidly in all of the major producing countries. In rate of growth, Japan can claim first place, the EEC second, followed by the U.S. and the United Kingdom. Data relative to growth are summarized in the following table:

TABLE 1.—PRODUCTION OF PLASTICS AND RESIN MATERIALS

[In thousands of metric tons [1]—Index 1960=100]

	1960 [2]	1961	1962	1963	1964	1965	1966
United States:							
Production	2,851	3,075	3,605	4,025	4,529	5,253	6,103
Annual increase		224	530	420	504	724	849
Percent		8	17	12	13	16	16
Index	100	108	126	141	159	184	214
EEC:							
Production	1,724	1,971	2,379	2,750	3,397	3,893	4,534
Annual increase		247	408	371	647	496	615
Percent		14	21	16	24	15	16
Index	100	114	138	160	197	226	263
Japan:							
Production	650	([3])	1,047	1,096	1,417	1,613	2,011
Annual increase		([3])	([3])	49	321	196	388
Percent		([3])	([3])	5	29	14	24
Index	100	([3])	161	169	218	248	309
United Kingdom:							
Production	570	599	688	776	900	974	1,037
Annual increase		29	89	88	124	74	63
Percent		5	15	13	16	8	6
Index	100	105	121	136	158	171	182

[1] Data from the chemical industry published by OECD.
[2] 1960 figures based on sales except France, Germany, and the Netherlands.
[3] Not available.

2. Comparative production costs

Production costs for the condensation polymers such as phenolics, epoxies, polyamides, polyesters, and alkyds in other major producing countries are typically lower than those in the U.S. These polymers are batch-produced and labor is, therefore, one of the most important cost factors. Also, raw material costs in other countries are often less than in the U.S. Because these resins are batch-produced, they offer comparatively little opportunity for manufacturing cost reduction with increasing scale. Thus, while larger producers, both here and abroad, may find some cost advantage in backward integration for lower-cost raw materials, on balance, increasing the scale of operation for these materials does not offer a significant competitive advantage to any of the major producing countries. In addition, many of these resins are produced in specialty grades