

(Mr. Cornett's prepared statement follows:)

STATEMENT OF HOLLAN CORNETT, EXECUTIVE BOARD MEMBER, UNITED STONE AND ALLIED PRODUCTS WORKERS OF AMERICA, AFL-CIO

The United States potash industry has suffered disastrous setbacks in the last several years. It faces virtual annihilation in the immediate future. The question is not one of margin of profit as is faced in many other industries in the United States but whether or not its very existence can be continued under the present and foreseeable circumstances.

The following tables are attached as exhibits to this statement being the best information available through the year 1966. The first table shows potash operations in Canada. Table 2 shows United States domestic consumption of potash. Table 3 shows United States domestic production capacity. Table 4 shows United States imports of potash from Canada and other countries. Table 5 shows Canadian consumption of potash. Table 6 is world wide potash production capability vs. consumption, estimated through the year 1971.

Present production of potash in the United States is roughly equal to the consumption in the United States and the domestic potential is sufficient to provide for the estimated annual increased use of potash for many years to come. Accurate figures are difficult to obtain covering United States consumption up to date, however, it does appear apparent that potash will be in increased use in the United States as well as in many foreign countries.

The cost of actual production in the United States is comparable to the cost of production in other countries with the difference in competitive positions being determined by cheaper labor and principally artificial tax advantages held by foreign producers. There are no natural advantages held by foreign producers.

Potash shipped from West Germany, France and Spain is controlled by a cartel who can fix prices regardless of costs and who have deliberately undercut, even below their own costs, the price of potash being delivered to the United States and for other economic reasons are able to sustain the loss suffered in potash shipments. The Canadian producers were given approximately five years tax moratorium as an inducement to expend huge sums of capital investment in Canada. The Canadian mines are of much higher grade potash, however, being located at a considerably greater depth than the potash in the Carlsbad area and requiring several times the capital investment, do not have too great an advantage excepting as to taxes over the United States producers.

Canadian imports have risen from less than one percent domestic consumption in 1960 and 1961 to over thirty two per cent of domestic consumption in 1966. Total foreign imports have risen from nine percent of domestic consumption in 1960 to over thirty eight per cent in 1966. Nineteen sixty seven and 1968 figures are not available, however the trend is certainly established and is continuing. The loss of this industry in the Carlsbad area only, to the United States in employment is shown by exhibits attached from several of the local unions and the local employment service. The human cost is unmeasurable because many of the men now in their fifties who have spent 25 years in this particular industry have no place to go with their training. The city of Carlsbad has dropped in population as shown by attached water and electric meter readings and mail count. The depression created is further evidenced from the Credit Bureau's reports on comparable periods of foreclosures filed.

The potash industry in the year 1966 paid total taxes in excess of \$10,000,000.00.

It is respectfully submitted unless action is taken by this committee restricting foreign imports, especially Canadian, the industry in the United States will disappear with terrific hardship on those immediately involved and the entire country will suffer ultimately with control of this vital basic product being delivered into the hands of foreign producers.