

than \$1.1 billion a year to the natural balance of trade. These exports will inevitably go the way of the steel industry's exports but for different reasons if the burden of higher raw material costs are added to the adverse effect of the Kennedy round tariff changes and the border tax.

Second, the potential loss of a significant part of the domestic market for petrochemicals, a market whose size by 1972, 1975, will double and reach an estimated \$35 billion. Lower raw material cost combined with lower U.S. tariffs, foreign export tax rebating, will give overseas products a running start on sales in the U.S. market.

Third, the possible outflow of large numbers of jobs and large sums of capital. If the petrochemical industry is unable to remain competitive for plants in the United States it can only retain its market share by investing in foreign plants. This would hurt the very domestic petroleum industry which the oil import program is designed to protect because overseas plants will not use domestic petroleum either as feedstocks or as fuel.

These are the clearly foreseeable consequences unless the domestic petroleum industry is allowed the access to low-cost raw materials which its foreign competitors enjoy. The question is, How can the oil import program be modified to provide the petrochemical industry with the access to foreign raw materials it must have to remain competitive in domestic and foreign markets?

We believe that this can and must be accomplished without impairing the national security objective of the oil import program and without damage to the domestic petroleum producer.

We recognize the vital importance of the U.S. oil industry and are keenly aware that the petrochemical producers cannot hope to solve their critical problems by ignoring the welfare of the domestic oil and gas producer.

The interests of petrochemical producers and petroleum producers are not irreconcilably in conflict. Despite its size as the Nation's third largest manufacturing industry in terms of investment the petrochemical industry's demand for petroleum raw materials is small in comparison to the quantity of oil going into the fuel and energy markets.

Chemical requirements today take less than 5 percent of the total domestic oil and natural gas production.

Furthermore, even if it were physically and economically practical to have a total shift to import raw materials by the petrochemical industry it would not significantly reduce the continued growth of the oil and gas production in the United States.

In fact the petrochemical industry will require a new increasing quantity of domestic materials even if it has greater access to foreign feedstocks. Obviously there are a number of ways in which the oil import program can be changed to meet the critical needs of the petrochemical industry.

Along with other companies Union Carbide has made suggestions and is ready to offer others and to work with all concerned to develop the urgently needed long-term program. While a long-term program is being developed we believe it is imperative that an import-for-export plan be promptly put into effect.