The concept of the import-for-export program is that U.S. exports of petrochemical products shall not be handicapped by noncompetitive raw material costs. The act of exporting petrochemicals would establish the right to import additional oil on an equivalent wait basis. This program has been recommended by the Secretary of the Interior and the Secretary of Commerce.

It was approved by the President on January 29 of this year, but it has not been put into effect because necessary regulations have not been written and issued.

Implementation of the import-for-export plan will strengthen the export capability of the domestic petrochemical industry in a key way and help to assure a continuation of its essential contribution to our balance of trade. A drop of less than 1.5 percent in the petrochemical exports of $1.5 billion will cost the balance of payments more than the cost of oil imports involved in this program.

An increase in petrochemical exports can repay the balance-of-trade account several times over. A dollar's worth of oil imports can generate as much as $20 worth of petrochemical export sales.

We hope the committee will recognize the problems of the chemical industry in whatever recommendations on trade policy it may make to the House. Our detailed statement outlines in rather specific terms the impact on a major American chemical firm of decisions and problems like the Kennedy round negotiations, European tax change, and the oil import program in an effort to be helpful to the committee and without making detailed legislative recommendations.

We are, however, strongly opposed to the enactment of H.R. 10178 and H.R. 10686 and related oil import bills. In their present form these bills would tighten the noose of higher raw material costs firmly around the neck of the domestic petrochemical industry.

A healthy, vigorous chemical industry is essential to our national security. A competitive chemical industry is essential to a favorable balance of trade. Access to foreign petroleum raw materials is essential in both cases.

Thank you very much.

Mr. HERLONG. Thank you, Mr. Intemann. Do you want this entire appendix made a part of the record?

Mr. INTEMANN. I would appreciate that, sir.

(Mr. Intemann's statement and appendixes referred to follow:)

STATEMENT OF HERMAN K. INTEMANN, VICE PRESIDENT, UNION CARBIDE CORP.

I. Introduction and Summary

Union Carbide Corporation is a major international producer involved extensively in both export and import trade, as well as overseas manufacturing. Although we are widely diversified from a product standpoint, chemicals and plastics represent approximately 40 percent of our total business. We, therefore, have a considerable interest in the foreign trade policy of the United States as it may affect the chemical industry. Because the subject is broad and complex, this statement is confined to the chemical (including plastics) segment of our business.

First, it might be pertinent to outline briefly the scope of our operations. In 1967, the total worldwide sales of Union Carbide amounted to $2.5 billion, of which chemicals accounted for $1.1 billion. We are owned by 185,000 stockholders and have 74,000 employees in the United States. In addition, our affiliated overseas companies employ 40,000. In the United States, there are 415 locations where Union Carbide has business establishments, including 225 manufacturing plants, many of which are capital intensive. Outside the United States, there are