VI. Equivalent Competitive Opportunity

At this point, we would like to re-empasize that as a matter of fundamental principle Union Carbide does not require, neither does it expect to gain, any special advantage through legislation or other political means over its foreign international competitors. This is provided, of course, that, in the future, economic factors beyond our control such as raw material costs, differences in tax impact, and labor rates are taken into consideration in negotiating what are intended to be reciprocal reductions in tariff and other barriers to international trade. Actually, we feel it is only reasonable for American chemical companies to have equality of competitive opportunity with respect to our international competition. In other words, assuming that economic factors beyond our control are reasonably comparable, we should neither be handicapped or advantaged vis-a-vis our foreign competitors as far as trade barriers are concerned.

Since we believe in liberal trade policies provided there is equality of competitive opportunity, it would be our preference to operate internationally in the environment just described. However, from the practical standpoint, we realize that it is hardly feasible under today's conditions to have no trade barriers at all. Nevertheless, competitive opportunity as between international chemical producers could still be resonably equivalent if all nontariff barriers were eliminated and tariff levels were set solely to compensate for differences in labor and tax rates, always providing that all producers were allowed equal access to the same low-cost raw materials.

What is the situation in which the American chemical industry actually finds itself today as far as equality of opportunity to compete is concerned? Unfortunately, at least as far as UCC is concerned, we find ourselves in a somewhat nonreciprocal position at both ends of the equation as compared with our foreign competitors.

When a company like Union Carbide and an entire industry, like petrochemicals, are adversely affected to the extent indicated by our study of the Kennedy Round and the European tax changes, then it is all the more important that we move toward equality of opportunity in other areas. In this respect, the problem of access to petrochemical raw material feedstocks at world prices becomes more and more important.

Because the petrochemical industry is not well understood or widely known, it may be useful to briefly describe the industry and its products.

Largely unrecognized by the layman, petrochemicals have become essential to the modern way of living. Petrochemical products play important roles in the production of food and clothing, in household and industrial detergents, protective and decorative coatings, autmobile tires, and the ubiquitous plastics.

Products of the petrochemical industry are essential to national defense in scores of applications. As a recent study by the National Academy of Sciences pointed out, "the petrochemical industry would be a prime source of strength to the nation in a time of emergency. It is contributing to every facet of the economy and is uniquely suited to supply the imagination and broad perspective for quickly finding alternate sources of supply and substitute materials during an emergency in the critical areas of food and agriculture, clothing, shelter, transportation, communications, and medical supplies."

The basic petrochemical and plastic products of the industry, more than $18 billion worth last year, are produced by more than 320,000 employees at 2,500 plants and factories in the United States. These plants and factories involve investments of more than $19 billion. In addition, hundreds of thousands of employees in thousands of other plants process these chemicals and plastics into finished products. They are the molders, extruders, and formulators who make the toothbrushes and dish pans, and those who apply the dyes, coatings, adhesives, and chemicals in the course of their own production operations.

The Oil Import Control Program was established by a Presidential Proclamation in 1959, pursuant to the provisions of the National Security Amendment to the Trade Agreement Extension Act of 1958, and was designed to protect the domestic oil industry. If crude oil from South America or the Near East were given free access to this country, the production of more expensive oil and the exploration for additional reserves in the U.S. would be sharply curtailed. The Office of Emergency Planning and the President have determined that our national security requires protection for this segment of the oil industry since world developments could make the nation completely dependent on domestic wells. Union Carbide has no quarrel with the program's objective.