believe in this way we will make more efficient use of your time and ours.

I would now like to ask Mr. Gerstacker to proceed, sir.

Mr. BURKE. We want to welcome all of you gentlemen to the committee. You can all testify and then the committee will ask questions.

Mr. TURCHAN. Thank you.

STATEMENT OF CARL GERSTACKER

Mr. GERSTACKER. Mr. Chairman and members of the committee, I am Carl Gerstacker, chairman of the board of the Dow Chemical Co., but today I am speaking on behalf of the Manufacturing Chemists Association, of which I am also the chairman of the board. The Manufacturing Chemists Association is a nonprofit trade organization having 181 United States and 12 Canadian companies as members. The members of this association produce more than 90 percent of the basic chemicals in the United States and Canada.

The industry includes many international companies with plants and sales offices all over the free world. It is affected very much by international business practices and trade policies it encounters every day. We believe, therefore, that the members of MCA are in a unique position to evaluate the effects of H.R. 17551, insofar as chemicals are concerned. A written statement is submitted to you at this time for inclusion in the record of these hearings. To conserve the valuable time of this committee, as the chairman has asked, you will hear from me only a brief summary as to why this committee should:

(1) Approve the extension of the President's tariff negotiating authority in title II with appropriate restrictions.

(2) Approve title III to liberalize the adjustment assistance provisions of the Trade Expansion Act, but with some modification.

(3) Eliminate from the bill, title IV which would eliminate the American selling price system of valuation.

(4) Establish export incentives or border taxes to help correct the U.S. balance-of-payments problem.

It is necessary first to point out to you the relative importance of this industry in the U.S. economy and to compare the strength of this industry with the competition abroad. In 1967, the wages and salaries paid in our industry totaled approximately 6 percent of that paid to employees of all manufacturing industries. Its assets totaled 10 percent of all manufacturing assets in the United States. Shipments of this industry last year totaled \$40.2 billion which, for comparison only, is double the sales of the textile industry and almost double that of the steel industry.

In 1967, employment amounted to 990,000 persons in 14,000 plants. It is a growth industry showing an annual growth rate of 6 percent over the last 10 years. During that same time, \$19 billion was invested in new plants. The chemical industry is truly international and is a large importer and exporter.

Exports last year, \$2.8 billion, exceeded imports by \$1.8 billion. This is essentially one-half of the total U.S. trade surplus and clearly very important to the U.S. balance-of-payments. While domestic shipments were \$40.2 billion, as already mentioned, sales of subsidiaries abroad amounted to approximately \$9 billion last year.