

advantageous competitive position both abroad and at home. Abroad the U.S. share of world chemical exports has declined markedly in recent years.

The Department of Commerce measures competitiveness in international trade by the share which the United States is able to obtain of world exports. We believe this to be a reasonable standard. Figures just released by the Department show that in the past 6 years the U.S. share of world chemical exports to countries other than the United States has declined from 29.5 to 23.7 percent, almost triple the amount of the decline in the U.S. share of world exports of all manufactures—International Commerce, June 10, 1968.

I would like to digress from my text at this point to remind you that the trade tide is running strongly against the entire U.S. economy as was shown in the morning's report on May's deficit performance in international trade. In my judgment the most important thing that you and we must look at is the direction and the rate of our trade balance. It is no use looking at past performance. We must be conscious of what is transpiring now because that is what is going to have the greatest effect.

In order to attempt to maintain its position in foreign markets, U.S. chemical companies have found it increasingly necessary to seek a lower cost base by investing in production facilities abroad. Table 12 submitted by the Government shows that since the passage of the Trade Expansion Act in 1962 investment abroad in manufacturing generally has risen at an average annual rate of 17 percent per year. However, U.S. investment abroad in chemicals has risen at almost twice that rate—33 percent—and this year will account for almost 30 percent of the total new investments abroad by U.S. manufacturing companies.

Since 1961, U.S. chemical imports have been increasing at more than twice the rate of our chemical exports. The value of domestic shipments has increased annually at a rate of about 7 percent as compared with an increase of almost 14 percent per year in imports. In the benzenoid sector the rise in imports—under pre-Kennedy round duties—has been twice as great. From 1961 to 1966, the last year for which Tariff Commission figures are available, benzenoid imports rose 130 percent—an average of 18 percent a year. From 1964 to 1966 the increase was 80 percent—an average of 34 percent a year.

By 1967, before the Kennedy round, we had reached the point that the basic cost disadvantages of U.S. benzenoid producers was resulting not only in the loss of foreign markets for our exports, but we were facing a loss of a continually greater share of our domestic market. This deterioration of the position of the U.S. industry will now be accelerated. The rapid expansion of foreign chemical production to take advantage of the new situation will further accentuate the downward trend in the U.S. share of world chemical trade and we are going to have to meet rapidly increasing competition from low-cost imports in the United States.

COMPETITIVE POSITION

I want to make clear that I am not suggesting that the domestic chemical industry is inefficient or noncompetitive. On the contrary, it is an efficient competitive minded industry. While the wholesale