

price indexes for all commodities has risen more than 8 percent in the last 10 years, the index of chemical prices has actually declined. (Survey of Current Business, May 1968.) Given anywhere near the equivalent conditions—equal costs for labor and raw materials—we can compete favorably with any chemical industry in the world. We have demonstrated this time and time again in the performance of our foreign subsidiaries.

As efficient and competitive as the domestic chemical industry may be, it cannot compete favorably with imports having the benefit of substantially lower raw-material costs and labor costs from one-half to one-fifth of our own. Unless chemical tariffs are maintained at a sufficient level to offset these substantial differences in production costs, large portions of the U.S. chemical industry are going to continue to lose their share of the market unless they seek out lower cost manufacturing bases abroad. This has already been necessary in order to try to salvage what had previously been our export markets. Whether or not we will be able to maintain our share of the domestic market will depend in large part upon the decisions made by this committee and by the Congress.

Let me make it extremely clear, the U.S. chemical industry has no desire to produce any more abroad than it absolutely has to. It has no desire to export capital or the jobs of its workers or to have to export chemicals to the United States from lower cost facilities abroad. Indeed, it is for that reason we are here this morning.

THE CHEMICAL DEALS AND RECIPROCITY

It is in the context of this general economic background that I would like to turn now to the deals negotiated on chemicals in Geneva. Later in our statement we will provide you with specific and detailed analysis of the economic consequences of this deal. I did, however, want to put this in a general economic context at the outset, because the hearings on the separate-package portion of this legislation presents the opportunity for the Congress to review the entire chemical negotiations and to take the steps necessary to provide reciprocity for our industry and its workers and to safeguard our Nation's balance of payments.

RECIPROCITY—THE KEY ISSUE

I need not emphasize to this committee that the underlying requirement of the Trade Expansion Act was reciprocity. The deal negotiated with respect to ASP not only is not authorized under the TEA, but it in no way even begins to provide the reciprocity called for in that act. This lack of reciprocity will have a serious adverse effect upon the domestic industry, its workers and the United States rapidly deteriorating balance of trade and balance of payments.

Reciprocity.—That is the key issue. I would like to summarize the three ways in which the deals negotiated on chemicals in Geneva last year deprived the United States and its chemical industry of reciprocity.

1. *Fifty percent-20 percent deal.*—First, pursuant to their Trade Expansion Act authority, the U.S. negotiators agreed to an unreciprocal bargain—a patently unreciprocal deal. They agreed to reduce