will be the probable ecoomic effect of these chemical "deals" upon the U.S. industry, its workers and our country's already debilitated balance of payments?

Government testimony on economic effect

The Government testimony contains nothing but a few generalizations coupled with the assurance that the facts in support of these generalizations are all confidential and therefore will have to be presented to you in Executive Session—a matter about which I will have more to say shortly.

All the Committee and the public is told as to the effect upon this industry and its workers is that the Government witnesses:

> "*believe* that the recommendations . . . will not cause any *significant* adverse impact upon the industries concerned." Government Statement, p. 1. [Emphasis supplied.]

and that the Government witesses:

> "would not attempt to mislead you with the judgment that no adjustments will be required in this industry, but I *believe* . . . that they will . . . be *surprisingly minimal*, and that the *adjustment assistance provisions* in this Bill *will be adequate*." Government Statement, p. 52. [Emphasis supplied.]

and that:

> "the larger diversified firms i nthis industry have the resources . . . to *shift or re-employ any displaced* workers." Government Statement, p. 51 [Emphasis supplied.]

but that:

> "[s]ome of the *smaller firms* may, in all candor, *face somewhat greater problems*." Government Statement, p. 51. [Emphasis supplied.]

These statements are hardly reassuring.

Of the crucial balance of payments effect of these "deals", the Government statement has very little to say except that it will "expand trade". However upon questioning it was acknowledged that this legislation was *not* a part of the Government's balance of payments program—an admission which we believe to be extremely significant.

Views of foreign competitors and marketing analysts

In commenting upon the economic effects of this deal we will attempt to give you our informed judgment *and* some facts as to the effect these "deals" will have upon the operations of our member companies. But in a very real sense we realize that this Committee will have to consider the Government's views and ours as coming from "interested parties." We therefore believe it would be helpful for the Committee to have the benefit of the views of some impartial "third parties", and the rather candid views of some of our foreign competitors.

Mr. Turchan has already mentioned to you how these chemical deals have made an official of our largest German competitor "feel like a little boy who has been promised an electric train for Christmas." Somewhat in the same vein, the British "Review of Industry" in July 1967 stated that:

"In chemicals, British, German and Swiss manufacturers should now be able to go hell for leather for the very big benzenoid chemical market of America."

In the July 15, 1967 edition of "Chemical Age" (U.K.), Desmond Fitzpatrick, a marketing expert for British Petroleum, Ltd., gives a thorough and penetrating analysis of the significance of these chemical "deals", especially as regards the low cost, high volume products in which labor cost is a less significant element. Mr. Fitzpatrick states:

"The effects of EEC's cuts will be marginal, of Britain's, relatively small. . ."

* * * * * * *

"The real difference to world trade is likely to arise from the offers, absolute and provisional made by the U.S. There is no need to see the details of the U.S. schedule of offers to assess the revolutionary effect of the general undertakings her negotiators have given."

* * * * * * *

"If, however, we assume that Congress agrees to the necessary legislation, the prospects in the U.S. market for British and Continental producers of benzenoid chemicals will be revolutionised. This is true in particular when low cost, high tonnage materials are considered."

* * * * * * *

"The abolition of ASP will have an even greater effect on foreign trade with the U.S. in plastics than in chemicals. . . ."

* * * * * * *