

are you talking about plants that are going to be owned in conjunction with private industry in foreign countries for the most part?

Mr. BARNARD. Mr. Chairman, I believe that the figures released by the Department of Commerce indicate that it goes both ways. There are some 100 percent, some owned jointly with foreign interests, and some where the American companies even have a minority interest. I don't think there is any uniform principle that you could state was applicable to the chemical industry.

Mr. GERSTACKER. I would be glad to try to comment on that. It is both ways. Today I think all are trying to do it 100 percent, United States owned wherever they can. There are many countries where this is impossible. Dow Chemical in the Netherlands has a plant we have been building now for about 3 years in which we presently have between a \$100 and \$150 million investment and it is going to \$200 to \$250 million.

That is wholly owned, and I feel as if I have a flashback here. Some years back I testified before this same committee as the president of SOCMA against the Kennedy round of tariff cuts pointing out then that I thought the dollar gap was a thing of the past and that further cutting in our tariffs would hurt the balance of payments, that our country would then have a balance-of-payments problem, would have one in the future that our companies would build plants abroad, that this was the export of American jobs, and somehow I feel here I am again today and the problem hasn't improved.

We no longer have a dollar gap as far as I know.

Mr. BUSH. Are these foreign plants mainly built to sell in foreign markets?

Mr. GERSTACKER. That is an excellent question. Some of the testimony has discussed this. I think primarily they are being built for the foreign markets but there is no question in my mind that in the future there will be shipments from those plants to this country because of the competitive cost of manufacture and because of the border taxes and these various things you see today.

Mr. BUSH. I am wondering if we don't have a slight inconsistency in your being critical of the Commerce Department for the restrictions aimed at investing abroad on the one hand, and on the other hand, in this beautifully presented testimony, the dilemma that you face in the tariff field from competitive imports.

You are almost arguing on both sides, aren't you; in this testimony.

Mr. GERSTACKER. I am aware of what you mean by the inconsistency. I would think as long as the products of many industries are going to come into this country, if we are going to go in that direction, it is better that they come in by wholly owned U.S. companies that we are taxing and will bring the dividends home instead of coming in by foreign-owned companies.

Mr. BUSH. If they are being built for foreign markets mainly that wouldn't apply quite as much. The last question I have, Mr. Chairman, is what are the basic raw materials that go into benzenoid chemicals? Is this petroleum gas?

Mr. TURCHAN. They are mostly petroleum-derived now as opposed to the old coal tar but benzene is a very large raw material, naphthalene, hydrocarbons such as that.