able trade balance of approximately the same size. This is the matter of quantitative import restrictions on wool and man-made textiles imposed by foreign countries.

Attached to this is a paper prepared by the Office of the Special Representative for Trade Negotiations identifying such restrictions applied by 12 foreign countries in 1967.[2] I do not propose to examine this paper with you in detail. It speaks for itself. It is clear from the table appearing on page 2 that EEC per capita imports from countries other than the U.S.A. and Canada (i.e., from the underdeveloped, low-wage, principally Far Eastern countries) are less than half those of the U.S.A. These European countries, which have ordinarily been larger importers than the U.S., are not importing proportionately as much from the underdeveloped nations and Far East, primarily because of the limitations which have been placed upon imports and which are spelled out individually by country in the study paper. These limitations of imports from lower labor cost countries which deflect Japanese exports into the wide-open U.S. market are the primary reason for the rapidly increasing pressure against the domestic textile industry.

While the emphasis at the time of passage of the Trade Expansion Act was to establish closer trade ties between the Common Market and the United States, the textile trade problem is tending more and more to be related to the developing nations and Japan. It is generally accepted that textile manufacture is one of the easiest industries to create in a developing economy because it is a high-labor, low-capital industry with an immediate local demand. Consequently, the textile industry has been the starting point in the industrialization of most countries. The large U.S. market has become the primary target of the developing countries. Seventy members of the House on March 9, 1967, discussed the problems besetting the textile industry and in their reference to Appalachia made clear that there is an "economically underdeveloped nation" within the United States. If this country remains resolute in its "war on poverty" it should be significant that in those counties in the U.S. where more than 40% of the families have income below $2,500 per year, the textile industry provides one job in every three manufacturing jobs. With respect to man-made fiber production, 50% of the employment is located in the counties of Appalachia. Rising imports of man-made fibers and all other textiles would have their greatest impact on that segment of the population which the war on poverty seeks to help.

The U.S. is the world's largest textile market and yet it is unprotected except for the Long Term Cotton Agreement Controls that provide for the orderly development of cotton textile and apparel trade. With full recognition of the dangers and problems arising from the use of quotas, we submit that we have no choice but to embrace them so long as they are employed by our foreign competitors in such an effective manner.

SUPPLEMENTAL AGREEMENT RELATING PRINCIPALLY TO CHEMICALS

Part 1.—Export opportunities

Since it was concluded in June 1967, the special Geneva agreement on chemicals has been widely publicized and acclaimed by the President's Special Representative for Trade Negotiations (SRT) as deserving of support from all, including the domestic chemical industry. This is because, if implemented, it purportedly will provide domestic industry with very substantial new export opportunities and thereby generate additional income and new employment. Insofar as Du Pont is concerned, we must disagree and state that we are unable to find any *factual* basis for this assertion.

We are prepared today to discuss with this Committee in as great detail as it wishes how we believe the special Geneva agreement on chemicals will affect Du Pont export sales. The United Kingdom (U.K.) and the European Economic Community (EEC) are the two principal trading areas whose tariffs would be further reduced if this agreement were implemented.

We have analyzed our export sales to these two areas in depth and would like to illustrate the basis for our conclusion by reviewing briefly this analysis of our Company's export sales to the EEC. If there are questions concerning analyses of our export sales to the U.K., I would be glad to answer them.

Du Pont 1967 exports to the EEC were $67.5 million. Our detailed analysis[3]

---

[2] Exhibit 1.
[3] See Exhibit 2, a bar chart, which will facilitate following the ensuing discussion.