STATEMENT OF ERNEST M. MAY, OTTO B. MAY, INC.

Mr. MAY. I am Ernest M. May, president of Otto B. May Inc., a small dye manufacturer in Newark, N.J. We have been a part of the Newark business community since 1920, when my father founded the company. We sell dyes to the entire textile industry, especially for washfast cottons and permanent press fabrics.

For the past 5 years I have been technical specialist to the Office of Special Representative for Trade Negotiations, representing the dye industry. In this role I have made exhaustive analyses and furnished our trade negotiators with volumes of material relative to our industry, and I might add including the labor intensiveness of this industry where approximately 50 percent of the sales dollar is human effort.

I might also add that this human effort includes the very lowest unskilled labor, and materials handling, and shoveling, and so forth to the most sophisticated kind of chemical research so we exemplify the entire spectrum and are indeed a kind of a seed bed for new inventions since dye plants are capable of making in commercial quantities many of the new inventions that come out of benzenoid research laboratories.

I warned our negotiators in Geneva of the serious adverse impact a 50-percent reduction in dye tariffs would have upon our industry, and I documented this conclusion with many facts and many figures.

Our negotiators, however, agreed to a 50-percent reduction in dye tariffs. But they did not stop there. They went further and consented to what has become known as the "separate package" agreement. In the interest of accuracy, it should be called the "separate-but-not-equal package" because it heavily favors foreign manufacturers at the expense of American manufacturers. It would lower the average tariffs on dyes by an additional 25 percent.

The Kennedy round and separate package tariff cuts are a one-two punch with the potential to knock out our industry.

I have calculated the effect which these tariff reductions will have upon my company and upon the dye industry. It can be described best with one word: "Devastating."

These calculations, along the lines discussed by Mr. Barnard in his testimony, confirm the advice I had given to the Office of the Special Representative for Trade Negotiations while the negotiating sessions were actually in progress, both here and in Geneva. The same information was submitted to the Tariff Commission in confidence and in considerable detail in connection with their hearings on the probable economic impact of these actions.

In 1964 my company had a pretax profit of approximately 9.6 percent on dye sales or about 4.8 percent after taxes.

Assuming we produced and sold the same amount of dyes as we did in 1964, and had to sell them at a price which a comparable foreign product could be sold in the United States after the 50-percent Kennedy round reduction, our profit would turn to a loss of 1.2 percent.

Under the separate package which your committee is now considering, the situation would be even worse. Our loss would plunge to 5.8 percent on sales.