

haps the broadest variety of benzenoids of any U.S. producer including plastics, plasticizers, bulk medicinals, food chemicals, pesticides, synthetic detergents, and intermediates.

For Monsanto benzenoid products, the effect of the 50 percent tariff cut which will ultimately result from the Kennedy round agreement will be serious. The tariff cuts made by other countries including only a 20 percent cut by the United Kingdom and the EEC countries, will not provide us with export opportunities comparable to those given up by the United States. This committee and the Congress has been asked to approve a second and separate agreement which would eliminate ASP and which is also badly unbalanced and unreciprocal.

Monsanto has measured as objectively as possible both the positive and negative effects on its operation if the separate agreement is approved. For most of our benzenoids a tariff cut beyond 50 percent would occur if title IV of the Trade Expansion Act is enacted. From our knowledge of world pricing and present experience with benzenoid imports, we know that the volume of such imports will grow very rapidly. The effect on Monsanto will be deterioration of a significant portion of our benzenoid operations. Imports have forced us to drop production of cyclamates (sweeteners), H-acid (a dye intermediate) and caffeine which is also a complex chemical but not a benzenoid. Saccharin, another sweetener, is in serious difficulty with imports and will likely be dropped eventually. You will appreciate that, for competitive reasons, it is not practicable for me to be specific about all the products under import pressures now and those to be affected later. They are, however, products on which we rely for research and development dollars for products of the future.

The beneficial effects of the additional 30 percent cut conceded by the United Kingdom and the EEC countries in return for elimination of ASP has been found to be minimal. There will be little or no new export opportunity created, although these will be some cost savings in U.S. exports to our United Kingdom and EEC subsidiaries.

Approval of the separate package would thus produce results having a negative effect not only on Monsanto but on the U.S. balance of payments.

Cost burdens imposed upon us by national policies result in higher costs in the United States than abroad. Raw materials are higher priced. Cartel selling is legal abroad but not in the United States. Incentives are common abroad including those for exporting.

For these reasons, the committee is urged to eliminate title IV of the Trade Expansion Act of 1968.

Let me turn to our second recommendations: It involves manmade fibers which accounted in 1967 for approximately 27 percent of Monsanto's total sales. Imports of competitive fibers and products made from them have caused us serious problems. Monsanto's fibers are nylon, acrylic, and polyester.

Again, to conserve the time of the committee, details of the problems of U.S. fiber producers will not be repeated here. Suffice it to say that we support fully the statement by the Manmade Fibers Association which proposes import controls on manmade fibers and products.

Let me emphasize one point, however. The fibers part of Monsanto's business is more a part of the textile industry than of the chemical