industry. Production of fibers is highly labor intensive and thus especially vulnerable to imported manmade fibers and their products from low labor cost countries. As recently as last year, imports seriously affected prices. This will happen again as Kennedy round tariff cuts are made and world overcapacity again exists. We believe it essential, therefore, for this committee to include manmade fibers in its considerations pertaining to the import limitations on manmade fiber products.

Monsanto's last recommendation concerns its need for competitively priced petrochemical feedstocks. As a large petrochemical producer, Monsanto's feedstock costs are approximately equivalent to those of our domestic competition. We are increasingly affected, however, by the fact that foreign competition has petroleum at $1.25 per barrel lower than that in the United States. Raw materials account for two-thirds of the cost of petrochemicals. It is clear that the great disparity between United States and foreign petrochemical feedstock prices has a serious effect on our competitive ability worldwide.

There is no hardship for U.S. energy producers under present import controls since all sellers in the U.S. market operate with the same cost factors. We support the use of quotas for energy products in the interest of national security. It is not possible, however, for U.S. petrochemical producers to compete abroad, and ultimately in the United States with lower tariffs resulting from the Kennedy round and with higher priced raw materials. New petrochemical investment already is flowing to areas where the low priced feedstocks are available. The resulting negative effect on the U.S. balance of payments is obvious

We strongly urge that the Ways and Means Committee consider the seriousness of the feedstock problem. Access must be provided to world-priced feedstocks for U.S.-based petrochemical manufacturers. We believe that our request for freely available petrochemical raw materials and import affecting measures for more sophisticated products such as benzenoids and manmade fibers is consistent and in accord with the international trade philosophy of the U.S. Congress.

I assure you again of the importance to Monsanto of the measures you are considering. The opportunity to appear here is most appreciated, and I would be happy to answer any questions you may have.

(Mr. Gillis' prepared statement follows:)

Statement of John Gillis, Vice President, and Member, Board of Directors, Monsanto Co.

Monsanto is a highly diversified, internationally oriented, chemical and manmade fibers manufacturer. It is the third largest chemical company in the U.S.A. and the fifth largest in the world. Its sales in 1967 were just over $1.6 billion and the value of its net assets and property, less accumulated depreciation and depletion was $1.86 billion. The number of employees worldwide totals 59,000 including 45,000 employed in the U.S. It has manufacturing interests in fifteen foreign countries and forth-three plants in 22 states of the United States.

The products manufactured and sold by Monsanto number over 1,000 chemical, fiber, plastic and petroleum products. Literally, Monsanto serves every industry.

Monsanto has operated plants abroad since 1920. Approximately 22% of its total sales are made abroad either by exports from the U.S. or by foreign based subsidiaries. For many years, Monsanto has been knowledgeable of worldwide competitive conditions, has studied the effects of U.S. and foreign trade policy on its activities and those of the chemical industry and has, as the record indicates, responded repeatedly to the requests of the Congress and the agencies