

tial to emphasize, however, that Monsanto plants which produce man-made fibers are more a part of the textile industry than of the chemical industry. The production of fibers is a highly labor intensive process. Production of chemicals to make fibers is a relatively labor-free task which, for Monsanto, involves in the U.S. less than 1,000 people. In contrast, approximately 12,000 Monsanto employees are involved in spinning and handling the staple and filament which are the raw materials for the textile industry.

Thus, the major part of the production of man-made fibers involves the same high labor content problem which has already been described for benzenoid chemicals. For such products the great difference in U.S. and foreign wage rates are not offset by higher productivity in the U.S., for it is a fact that foreign plants are as modern and technologically new as those in the United States.

Imports of man-made fibers, in one form or another, currently account for almost 10% of U.S. consumption. With lower Kennedy Round tariffs, fiber imports in the form of textiles, apparel and fibers will take an increasing share of the fast growing U.S. market. Prices which firmed early in 1968 will again be depressed by these imports and the U.S. will be deprived ultimately of plants and jobs that should accrue to this country in the development of a relatively new and fast growing sector of the economy.

The result of uncontrolled imports of man-made fibers in any form will lead to a predictable situation. The growth of a new and vital industry and the creation of new jobs, especially for the unskilled worker, will be stifled. Research and development funds which are necessary seed money for new products will not be available in adequate quantity.

It is essential and we respectfully urge, therefore, that the House Ways and Means Committee propose enactment of legislation providing for a means to reasonably limit the importation of man-made fibers and their products.

PETROCHEMICAL FEEDSTOCKS

Still another problem of ever-increasing importance to Monsanto occurs in the area of hydrocarbon feedstocks for the manufacture of primary petrochemicals. As the name implies, primary petrochemicals are first-step chemical derivatives of virgin petroleum raw materials. These materials are the basic chemical building blocks in the manufacture of chemicals, plastics and fibers by Monsanto and are the precursors of a major quantity of exports made by Monsanto in recent years.

Monsanto manufactures basic petrochemicals at two plants located in Texas utilizing as virgin petroleum feedstock a light crude oil of a type commonly called field condensate. In excess of 40,000 barrels per day of this condensate is purchased from Texas and Louisiana oil fields. Monsanto manufactures petrochemicals from oil by a process called "thermal cracking". At high temperatures the big oil molecules are literally cracked or fractured into smaller fragments, and these fragments are recovered and purified. From this cracking operation, approximately 20 primary petrochemicals are derived. To Monsanto, the most important of these petrochemicals are ethylene, propylene, butylenes, butadiene, benzene, xylenes and naphthalene.

A complicated sequence of manufacturing operations is required to convert these primary petrochemicals into consumer products. As a simple example, primary petrochemicals may be reacted to monomers, then monomers to polymers, and polymers into fibers or into plastic sheets. Finally, fibers are woven into sweaters, or plastic sheets are formed into auto seat coverings, or other such consumer products. Most of us wear fabrics having their origin in petroleum raw materials; our autos have plastic seat covers, plastic interlayer safety glass windows and a plastic finish.

In the first processing step—the cracking of field condensate to the primary petrochemicals—the cost of feedstock, or raw material, is of major importance, comprising about two-thirds of total costs. To illustrate—if 3¢ is the cost of a pound of a given primary petrochemical—and actually a number of these primary petrochemicals *sell* for less than 3¢ per pound) the feedstock contribution to cost is 2¢ of the 3¢ total. Thus, raw material cost is the most important factor in the economics of making primary petrochemicals. It is vital that the price of feedstock to Monsanto not exceed the price of feedstock available to its competition. Monsanto's feedstock prices are approximately equivalent to those of our domestic competition. However, Monsanto is seriously disadvantaged when