STATEMENT OF CHARLES W. FRENCH, VICE PRESIDENT, PFISTER CHEMICAL, INC.

Mr. FRENCH. Mr. Chairman and members of the committee, I am Charles W. French, vice president of Pfister Chemical, Inc., Ridgefield, N.J. We greatly appreciate this opportunity to explain to the committee the effects that the recent tariff regulations agreed upon during the Kennedy round and the elimination of the ASP standard would have on our company. Pfister supports the statement of Mr. Robert Barnard, counsel for the Synthetic Organic Chemical Manufacturers Association and the Dry Color Manufacturers Association. The purpose of our statement is to supplement Mr. Barnard's statement and to point out the specific effects of ASP removal on Pfister.

Pfister is the principal producer in the United States of beta oxy napthoic acid, better known as BON. BON is a standardized synthetic chemical manufactured and sold in dry powder form, and is used as an intermediate in the production of pigments, dyes, and pharmaceuticals. Many of these final products, of course, have direct or indirect application to the national defense. We sincerely believe that if the Kennedy round reduction became fully effective and if ASP is removed without any protection of a practical consequence to prevent dumping, Pfister will be forced out of BON production. Elimination of the domestic production of BON would ultimately have a corresponding effect on the domestic production of its end products particularly if foreign sources of BON were to be cut off during a time of crisis.

Elimination of the domestic production of BON would also have a direct impact on the economy, both locally and nationally. BON accounts for approximately 30 percent of Pfister's sales. We employ 250 people. Pfister's payroll during 1967 totaled approximately $2 million. While Pfister is endeavoring to diversify its production, nevertheless the sudden elimination of the BON market would have a drastic effect on its total production, profits, and employment and possibly even its very existence as a corporation.

During the past 10 years there has been a tremendous increase in the level of BON imports. Germany and Japan are the chief foreign suppliers, with Italy a secondary source. Standards of purity and content are substantially identical, so that the imported product is for all practical purposes interchangeable with the competing domestic product. Between 1950 and 1967 the importation of BON grew from zero pounds to 1½ million pounds annually. In 1950 there were 11 domestic producers of BON, including Du Pont, General Aniline, Sherwin-Williams, Heyden, Augusta Chemical, Harmon Color, Standard Ultramarine, National Aniline, American Aniline, Pfister, and Hilton Davis. Now, in 1968, there remain only two domestic producers of BON, of which Pfister is the principal one.

There are several factors that account for this increasingly successful competition by foreign producers. One is the cost of labor. Wages and salaries account for approximately half the cost of production, and foreign labor costs are approximately one-half to one-sixth the size of U.S. labor costs in this field.

Second, in almost every major foreign country, chemicals are produced by a single company. Historically, cartels, and the predatory