pricing practices they foster have thrived in both Germany and Japan, the two major sources of foreign BON, and those practices still prevail. My colleague from SOCMA has already described the situation in Germany. In Japan, the Japanese Government itself has, for instance, assisted the development of a cartel regulating the production and sale of dyes. Japanese producers are assigned a virtual monopoly in the production of particular dyes, and according to their own estimates, they are thus able to selectively reduce costs 25 to 35 percent. Three Japanese companies (Mitsui, Sumitomo, and Mitsubishi) are currently producing BON for export, only one of whom exports to the United States. In both Germany and Italy BON exports are produced by a single company (Farbwerke Hoechst in Germany and Monticatini Edison in Italy). Given the experience of monopolization and cartelization within these countries, combined with the single or very limited number of producers in each, the extension of such practices to their mutual U.S. exports is not difficult to achieve. As a result, it is a relatively simple matter for these companies to control prices.

Another major factor causing the rapid increase in BON imports is tariff reductions. When Pfister began producing BON the applicable U.S. tariff rate was 7 cents per pound plus 40 percent ad valorem applied to the American selling price. By the time the Kennedy round is fully effective the rate will be 1.7 cents per pound plus 12.5 percent ad valorem.

Regardless of the reason, benzenoid chemical imports generally have increased drastically during the past few years, and with the removal of the ASP standard they will go up even further.

For a small company, Pfister has taken all available steps to protect its position. First, we spent large sums of money to modernize our facilities. We retained counsel to file an antidumping suit and to file a petition for an escape clause determination. We have been awaiting action by the Government in the antidumping suit for almost 1 year, and we are gathering recent statistics prior to filing our petition for escape clause relief.

BON illustrates the unmistakable trend in the benzenoid chemical field generally. Allied Chemical & Monsanto Chemical for instance, have recently decided to abandon H-acid production and other companies such as E. I. du Pont de Nemours Co., Inc., have already abandoned the production of over 40 benzenoid intermediates and 200 dyestuffs. In other words, the larger domestic chemical companies are moving out of the production of benzenoids generally, and BON in particular, in proportion to the increased sales by foreign producers.

Pfister differs primarily in that, being a small company specializing in BON, massive conversion to other products is much more difficult, and loss of the BON market has a more drastic impact. But even if Pfister could successfully convert out of BON production entirely, thus solving its own parochial problems, in the broader sense would this be the best solution for the United States, its defense interests, and its economy?

It should be clear from this description that efficiency is neither the cause nor a feasible solution. Pfister has modernized its plant, and is regarded as the most efficient producer of BON in the United States. Otherwise we could not have held on as long as we have. But foreign