

Another case is the large United States styrene monomer exports to the Netherlands. Exports of styrene monomer to the Netherlands were \$13 million in 1966 and have averaged \$11 million annually for the past three years. A very high tariff on styrene monomer could have resulted in a plant's being built in the Netherlands several years ago. Thus, this change in exports in one commodity to one country could amount to more than \$10 million yearly for several years. If this is multiplied by a number of commodities and a number of countries, it is reasonable to believe that the estimate of increased United States exports of \$130 million due to adoption of the ASP Package could be obtained by reductions in tariff levels.

Apparently, the fact that the United States exports mature products to countries already producing these products has not been widely recognized. As shown in Table 3, the overlooking of this source of export demand by United States companies was one of the factors which resulted, in some cases, in refusal to sell to export customers, allocation of supplies to domestic customers, and higher domestic prices.

TABLE 3.—EXAMPLES OF UNDERESTIMATION OF EXPORT MARKET BY UNITED STATES COMPANIES

I. METHANOL

Prediction

"... by 1965 exports will probably plummet to about seven million gallons/year. Reasons: (1) foreign plants are being built; (2) mounting tariffs." (*Chemical Week*, July 1, 1961, p. 56.)

Fact

United States methanol exports were 29 billion gallons in 1965. Approximately seven million gallons went to countries that do not manufacture methanol; 22 million gallons went to countries that do manufacture methanol.

Tight supply conditions

"Methanol is now in critically short supply. Producers have de-bottlenecked plants and made incremental expansions, but still export business has to be turned down and domestic buyers are on allocation." (*Oil, Paint & Drug Reporter*, January 17, 1966, p. 31.)

II. STYRENE MONOMER

Prediction

"Most producers feel that 1959 will be the peak export year—but that after this year, monomer plants overseas will cut sharply into exports," (*Oil, Paint & Drug Reporter*, February 9, 1959, p. 45.)

Fact

Export quantity and value have been greater than 1959 in every year since then, and 1966 exports were over four times as large as those in 1959.

Tight supply conditions

"If the recent growth rate holds, shortages will exist in a few months, and obsolete capacity—now on standby—will be needed to fill the gap." "Styrene Monomer Prices will Be Hiked 1¢lb. Next month," *Chemical Week*, March 12, 1966, p.62.)

III. ACRYLONITRILE

Prediction

"Assuming an export market of 40 million pounds in 1965, 400 million pounds should be consumed. Should overseas units operate sooner, exports could shrink further." (*Oil, Paint and Drug Reporter*, December 31, 1962, p. 9.)

Fact

In 1965 exports exceeded 175 million pounds; in the United States over 700 million pounds of acrylonitrile were produced.

Tight supply conditions

"The United States acrylo supply has been tight for the past year primarily because of export demand." (*Chemical Week*, February 20, 1965, p. 23.)