

2. Phthalic anhydride

"Plants are operating at capacity, customers are on allocation and some re-sellers are making spot sales at twice the posted price of 11¢/lb., flake, delivered." ("Phthalic: Shortages to Persist," *Chemical Week*, August 20, 1966, p. 77.)

3. Styrene monomer

"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.)

(Details of this calculation plus an indication of the effects of variation in various values is shown in Appendix D.) Slightly more than 50% of these are expected to be in noncompetitive imports; such imports are not made by a United States manufacturer and therefore are not subject to as much uncertainty in the valuation process. Thus, one is faced with estimating the effects of the removal of "slight" uncertainty on approximately \$120 million of imports and the removal of "higher" uncertainty on approximately \$110 million of imports. I know of no empirical study which could be used as a guide in arriving at such an estimate. However, my best estimate would be an increase of 5% on the removal of "slight" uncertainty and 10% on the removal of "higher" uncertainty. Thus, an increase in imports is estimated as follows:

	<i>Millions</i>
Noncompetitive imports:	
5% × \$120 million -----	\$6
Competitive imports:	
10% × \$110 million -----	11
Total -----	17

This \$17 million, combined with the previous estimate of a \$3 million increase in non-benzenoids due to tariff changes, results in an estimated total increase in United States chemical imports of \$20 million in 1972 due to adoption of the ASP Package.

In order to determine a probable range for this value, subjective estimates were made of the effects of variation in key variables. Over 70% of resulting estimates lie between \$7 million and \$33 million. Therefore, it seems reasonable to conclude that United States chemical imports will increase by \$7–\$33 million if the ASP Package is adopted, with a best estimate being \$20 million. Additional details are presented in Appendix D.

D. Conclusion

Adoption of the ASP Package would increase in 1972 United States chemical exports by approximately \$130 million and United States chemical imports by about \$20 million, giving the United States a net trade surplus of \$110 million. Expressing it another way, the ratio of increased exports to increased imports would be expected to be about 6.5 to 1.

If the highest estimate of increased United States exports—\$160 million—were combined with the lowest estimate of increased United States imports—\$7 million—the net trade balance would be an estimated \$153 million, and the ratio of increased exports to increased imports as a result of adoption of the ASP Package would be 22 to 1.

On the other hand, if the lowest estimate of increased United States exports—\$100 million—were combined with the highest estimate of increased United States imports—\$33 million—the net trade balance would be an estimated \$67 million, and the ratio of increased exports to increased imports as a result of adoption of the ASP Package would be 3 to 1.

Therefore, under any set of reasonable assumptions increased United States chemical exports would be substantially greater than increased United States chemical imports as a result of the adoption of the ASP Package.

IV. OTHER EFFECTS OF THE ADOPTION OF THE ASP PACKAGE

A. Expected growth in United States benzenoid industry

Regardless of whether the ASP Package is approved all segments of the benzenoid industry in the United States are expected to continue absolute growth (Table 6); although the average growth for all categories of benzenoids is expected to be 45% between 1965 and 1972, a substantially different growth