

2. Products other than dyes

Turning to categories of chemicals other than dyes, it appears that the U.S. manufacturer is relatively stronger vis-a-vis foreign competition for several reasons:

1. The larger U.S. market represents a relative advantage for U.S. manufacturers of chemicals produced in large-scale, continuous processing equipment. In dye manufacture a number of dyes usually are produced in one set of equipment; one batch of dye A is made and then later the same equipment is used to make a batch of dye B. There are some economies in making longer production runs of more batches of a given dye at a time and some economies in purchasing larger volumes of raw materials. Still these economies are small compared with the labor and capital saved by the manufacturer of a large-volume chemical such as styrene monomer when he erects a larger plant for increased output.

2. The wages of production workers as a percentage of total value added by manufacture are slightly less for most other chemical product categories than for dyes (Table 11), although this difference by itself would not have an important impact because of the relatively small differences.

TABLE 11.—SELECTED MANUFACTURING STATISTICS FOR BENZENOID AND CERTAIN OTHER CHEMICALS

SIC No.	Description	Wages of production workers (millions)	Value added by manufacture (millions)	Wages of production workers as a percentage of value added by manufacture
2812	Alkalies and chlorine.....	\$88.0	\$389.0	22.6
2813	Industrial gases.....	33.0	260.0	12.7
2814	Cyclic (coal-tar) crudes.....	8.6	35.1	24.5
2816	Inorganic pigments.....	50.0	286.0	17.5
2818	Organic chemicals (other) ¹	450.0	2,727.0	14.9
2819	Inorganic chemicals (other).....	352.0	1,903.0	18.5
2821	Plastics materials ¹	264.0	1,202.0	22.0
2815	Intermediate coal-tar products ¹	116.0	570.0	20.4
28151	Cyclic intermediates ^{1,2}			17.8
28152	Synthetic organic dyes ^{1,2}			23.8
28153	Synthetic organic pigments ^{1,2}			24.1

¹ Denotes that benzenoids subject to ASP are included in important quantities in these categories; in some cases, nonbenzenoids are also included.

² Usually considered by U.S. companies to be the chemical area most susceptible to import competition because of low foreign wages.

Note: The above list includes all categories in SIC 281 (Basic Chemicals); additionally, plastics materials (SIC 2821) were included with the comparison because the United States is especially competitive internationally in the plastics area (e.g., net trade balance in 1966 in plastic materials—SITC 581—was \$413 million).

3. The United States tariff for many of these other chemical products is higher than it appears to be because of the existence of specific duties plus an ad valorem. For example, the United States and EEC tariffs on two chemicals previously mentioned would be as follows if the ASP Package is approved:

	United States ^a		EEC (percent)
	Stated rate	Ad valorem equivalent (percent)	
Styrene monomer.....	1.4 cents per pound plus 8 percent.....	25	4
Synthetic phenol.....	1.5 cents per pound plus 12 percent.....	27	2

^a The unit prices used to calculate the U.S. ad valorem equivalent are: Styrene monomer, 8 cents per pound; and phenol 10 cents per pound.

In conclusion, the proposed 30% tariff on dyes seems to be higher on the average than the difference in manufacturing costs between United States and Germany. United States manufacturers of many of the other chemicals, especially those made in larger volumes than dyes, are in a stronger competitive position than are dye manufacturers with respect to foreign competition.