

the ASP bill, said that that company had no intention of getting out of the dyestuff business but, and I quote Jesse Werner:

We will have to strive for increased production at lower operating costs.

And he said that 1968 profits will show, and again I quote:

An appreciable rise over 1967 results.

This represents it seems to me a responsible business reaction to this bill.

Further, to come back to SOCMA itself, SOCMA testified before the Senate Finance Committee, just this spring, that the Kennedy round in their judgment would result in imports rising to 20 to 30 percent of consumption. And they said further that the ASP bill if passed would raise imports to 25 to 35 percent of consumption.

Now just to compare those two figures for a moment, because it is the ASP bill that is before us, they said (1) the Kennedy round will raise imports by 20 to 30 percent and (2) if the ASP bill is passed, imports will go up 25 to 35 percent.

In other words, the ASP bill will increase imports by 5 percent over what the Kennedy round would already increase them. This is not a large figure. On the other hand, if we assume the maximum—this is part of the study which I referred to originally—if we accept SOCMA's maximum figure of a 35-percent increase in imports by 1975, imports will increase overall by 3,300 percent.

That is a tremendously startling figure. But if we assume that consumption increases at the 1960-66 rate just goes up the same as it has been going up; that is, domestic consumption, not domestic sales, total consumption, imports plus domestic production; if we put those two figures together we find that by 1975 domestic sales will still have risen by 18 percent using SOCMA's maximum figure.

Therefore, there is no absolute damage to the industry. I grant that that is 18 percent over a 9-year period. That is not the annual rate. That is the total rate.

The annual rate is about 2 percent per year. It is not very much, but it is a rise, not a decline.

Mr. BURKE. Thank you. I would just like to ask one question of Professor Stobaugh. Why is the U.S. share of the world chemical exports dropping?

Mr. STOBAUGH. What is happening in the United States and the world chemical industries is that a lot of new products are being introduced, first in the United States, so for a while the United States is the only producer of the product. When they export that product, then, they have 100 percent of the world's share of exports.

Now, after a while production begins abroad and then sooner or later some of these countries that begin production abroad begin exporting so that the U.S. export share, where it started out as a 100-percent share of world exports, goes down some, as these other countries begin exporting.

The cycle is repeated, of course, and as the U.S. industry introduces other products, and then has 100 percent of the world's share and then, production and exports start abroad and the U.S. share drops. So the U.S. percentage share of world exports may be dropping but the absolute amount of U.S. exports is continuing to rise so that the U.S. net trade balance in chemicals is continuing to rise.