

The dyestuff industry in the United States includes the American affiliates of the members of the European dyestuff cartel. These companies, to their maximum competitive advantage, balance U.S. production with imports of dyes and intermediates produced in Europe by their parents, and by 1965 had captured fully one-third of the American market.

A second major segment of the U.S. dyestuff industry is comprised of four large diversified chemical companies. We note the claim of the special representative that of the firms in the dye industry, four make more than half of all dyes.

Taking into account the third of the market held by the foreign producers, that would seem to leave 17 percent of the market to the many small dyestuff producers who, like American Aniline and the members of the ad hoc committee, are neither affiliates of the European cartel members nor of the four U.S. giants.

Let us be very clear about one point: The part of the U.S. market which the European and Japanese cartels can gain through elimination of ASP is not the 50 percent held by the four American giants.

They are international companies for the most part, and have the know-how and resources to shift the necessary portion of their production abroad. By exporting jobs and capital, they can conceivably hold their present share of this market, and possibly even increase it at the expense of the foreign cartels.

It is the small, nonaligned companies, such as the members of the ad hoc committee, who will be destroyed by the repeal of ASP.

I. G. Farben dominated the world dyestuff trade before World War II, and its activities and that of its forebears led directly to the enactment of ASP by Congress at the behest of President Woodrow Wilson to insure continuity and growth of an American dyestuff industry.

I. G. Farben, formally, is gone. But the three chunks into which it was artificially divided by the postwar occupation authorities have the same talent for cooperation as did their parent.

You are now being asked to rewrite history, to condemn as bad that domestic policy which more than any other is directly responsible for the creation, growth, strength, and vitality of the American dyestuff industry. Before you call good, bad; and white, black; and jettison a proven method of neutralizing cartel power in the import trade in dyes as outmoded, study our confidential exhibit detailing the structure and operation of the foreign dyestuff cartels.

Has the ASP duty system been so restrictive of U.S. imports that foreign producers have been unable to expand their sales in the American market? Have ASP rates been more import-retarding than so-called conventional duty valuation in other sectors of manufactured products?

The answer to both questions is an emphatic "No." Let's look at the facts. Using the average of the 3 years, 1958-60 as a base period, we find that imports of dyes and pigments have risen more rapidly than