

(Mr. Marshall's prepared statement follows:)

STATEMENT OF JAMES J. MARSHALL, PRESIDENT, AMERICAN ANILINE PRODUCTS, INC., AND ON BEHALF OF THE AD HOC COMMITTEE OF U.S. DYESTUFF PRODUCERS; ACCOMPANIED BY EUGENE L. STEWART, COUNSEL

Mr. Chairman and members of the committee, I am James J. Marshall. I appear here both as President of American Aniline Products, Inc., and as spokesman for an Ad Hoc Committee of U.S. Dyestuff Producers. The firms which are members of this Committee are listed in Exhibit 1 to my statement. Each is a medium to small sized producer of dyes in the United States. None is affiliated with foreign producers of dyes, or with the few large multiproduct U.S. companies which also produce dyes in this country.

We are speaking with one voice as a group because it is on these small, independent U.S. producers that the full, destructive impact of the elimination of ASP would most quickly fall.

We are asking this Committee to save the American dyestuff industry, our companies, and our employees' jobs from certain destruction by voting down the Administration's request for repeal of ASP, Title IV of H.R. 17551.

Here are our reasons, stated as concisely as the time allotted to this appearance will permit.

I. THE SUPPLEMENTAL CHEMICAL AGREEMENT WILL HAVE ITS PRINCIPAL EFFECT ON THE U. S. DYESTUFF INDUSTRY, WHICH, BECAUSE OF ITS HIGHLY LABOR-INTENSIVE, BATCH-PROCESSING MANUFACTURING OPERATIONS, IS ACUTELY VULNERABLE TO FOREIGN COMPETITION

Your Committee has heard a lot of testimony from the Administration and the broad chemical industry about the supplemental chemical agreement entered into by U.S. negotiators at Geneva. No doubt it seems like a complex matter to you. There is one simple, centrally important fact which you need to know in making up your mind about the effect, if you were to approve the proposal to repeal ASP. It is that almost the entire impact will be dealt to the U.S. dyestuff industry.

Ambassador Blumenthal said as much to the German chemical industry in an address on December 8, 1966:¹

"The Tariff Commission has found that the tariff effect of ASP protection is significant only for dyes, certain dye intermediates, and a few drugs and other specialty products. These are typically labor intensive, higher priced, batch-produced products. And since labor costs are relatively high in the United States, this batch process area of chemical production is an especially sensitive one for us."

II. THE DYESTUFF INDUSTRY HAS ALREADY HAD ITS DUTIES CUT THE FULL 50% INTENDED BY THIS COMMITTEE AS THE MAXIMUM PERMISSIBLE REDUCTION FOR ANY INDUSTRY

The amount of duty to be paid on imports is determined by multiplying the rate by the value. ASP is the rule for determining the value. The *rate* is a separate factor from ASP. The majority of imported dyes were subject, pre-Kennedy Round, to the rate of 40%. This was cut to 20%. No exceptions.

A group of 86 dyes was subject, pre-Kennedy Round, to the rate of 32%. This was cut to 16%. No exceptions. Two dyes, sulphur black and synthetic indigo, were dutiable at a compound rate, 3¢ per pound plus 20%. These were cut to 1.5¢ per pound plus 10%.

¹ Address by Ambassador Blumenthal before the European Chemical Industry, Kronberg, Germany, December 8, 1966, p. 7.