IV. REPEAL OF ASP AND SUBSTITUTION OF THE FSP REDUCED RATES FOR THE ASP DUTY RATES WOULD BRING THE FINANCIAL RESULTS OF DOMESTIC DYESTUFF PRODUCTION SHARPLY BELOW THE BREAK-EVEN LEVEL, AND FORCE ALL BUT THE LARGE U.S.-BASED AND FOREIGN-BASED INTERNATIONAL, DIVERSIFIED COMPANIES OUT OF BUSINESS

To help you understand what will happen to us, we have made an analysis of the impact of the repeal of ASP and the substitution of the rates provided for in the "separate chemical agreement" based on FSP for the ASP rates. We took our actual operating results in 1965—the latest data year in relation to which the Kennedy Round agreements were made—and adjusted our sales income by the price reductions, product for product, which the reductions in duty detailed in our confidential exhibit Tables I through VI would require if we were to hold our 1965 volume of sales against the sharply lower landed costs of foreign dyes. The results are set forth in confidential exhibit Tables VII and VIII. They may be summarized here publicly as follows:

First, as to the effect of the Kennedy Round and supplementary agreement rates on our sales revenue:

TABLE 2

Category of product	Percent loss of sales revenue in 1965, assuming price reductions to meet reduced landed cost of imported products under—	
	Post-Kennedy round ASP reduced duties	Supplementary chemical agreement duties at reduced rates based on FSP
Dyes:		
Acid	22.1	27.4
Basic	28.2	37.2
Direct	20.5	28.7
Disperse	10.1	14.6
Mordant	21.7	31.0
Vat	21.4	30.2
Total, all dyes	17.0	23.7
Azoic products:		
Fast color bases	21.1	18.8
Fast color salts	20.1	15.4
Naphthols	18.5	11.6
Total, azoic products	19.6	14.3
Intermediates	6.7	8.0
Total, all products	15.0	19.1

Source: Confidential exhibit, table VII.

Gentlemen, my company does not operate at a level of earnings where we can suffer a 15% or a 19% loss of revenue and keep our head above water. I am certain that no other member of the Ad Hoc Committee can suffer a loss of either 15% or 19% of income at the 1965 level of operations and recover all costs.

These data mean ruin for our companies. Those who can lower their costs by importing from their own plants or other foreign sources will do so. The rest of us, and here I mean particularly the smaller, independent companies, will be forced in a comparatively short period of time after full implementation of the Kennedy Round tariff reductions to close our plants, or become nonmanufacturing outlets for such foreign-produced dyes as we can purchase outside of the closed circle of the European and Japanese cartels.

Just so there is no misunderstanding of the dimensions of the impact on our earnings—and the comparable impact on the earnings of the other small, independent dye producers, let me summarize my company's 1965 profit and loss statement, before and after application of the Kennedy Round and supplementary chemical agreement results. The details are given in my confidential exhibit, Table VIII.