TABLE 3

	Net profit after taxes—	
	As percent of sales	As percent of shareholders' equity
Actual 1965 results	6.9	11.2
Adjusting revenue by imported chemcial landed cost reductions:		
50-percent ASP duty cut	(0.9)	(1.2)
Implementation of supplemental chemical agreement (reduced duties based on FSP)	(6.3)	(8.4)

Note: Figures in parentheses denote loss.

Source: Table VIII, confidential exhibit.

We would be close enough to the break-even point under the 50% reduction in ASP rates that we might be able through drastic adjustments to stay alive. Under the repeal of ASP and the reduced rates based on FSP called for under the supplemental chemical agreement, we wouldn't have a chance. We would be finished as American manufacturers. The jobs of our operating employees would be lost forever.

For whose benefit is such a drastic, tragic result sought?

V. REPEAL OF ASP AND ADOPTION OF THE REDUCED CONVERTED RATES BASED ON FSP FOR IMPORTS OF DYES, PIGMENTS, AND ADVANCED INTERMEDIATES WILL BENEFIT ONLY THE EUROPEAN AND JAPANESE CHEMICAL CARTELS, A FEW U.S.-BASED INTERNATONAL COMPANIES WHO MIGHT TRANSFER THEIR PRODUCTION AND JOBS OVERSEAS, AND NO ONE ELSE

The dyestuff industry in the United States includes the American affiliates of the members of the European dyestuff cartel (Hoechst, Bayer, Badische, and Casella of Germany; Ciba, Sandoz, and Geigy of Switzerland; and I.C.I. of England). 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.[2]

A second major segment of the U.S. dyestuff industry is comprised of four large diversified chemical companies (du Pont, Allied Chemical, American Cyanamid, and General Aniline & Film). We note the claim of the Special Representative that of the firms in the dye industry, "four make more than half of all dyes."[3] Taking into account the third of the market held by the foreign producers, that would seem to leave 17% 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% 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. American Aniline is perhaps one of the largest of this group of small companies. Our product line is broad, covering every significant sector of the dye and dye intermediate trade.

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[2] U.S. Tariff Commission, Report to the Special Representative for Trade Negotiations, July 25, 1966, p. 19.

[3] Memo, Office of the Special Representative for Trade Negotiations, undated, distributed to members of Congress in 1967, p. 7.