verting the textile content of all forms of textiles into square yard equivalents and comparing that total to the production of the textile mill products industry in square yards.)

Our direct and indirect balance of trade data for dyes show that the very impressive favorable trade balance of nearly 12 million pounds which was generated by the combined efforts of the dye and textile industries in 1953 has been steadily eroded to the point where in 1967 it had virtually disappeared. This year the balance will turn into a deficit—we estimate in the order of 1½ million pounds. By 1980 this deficit will balloon to the awesome proportions of an estimated 127 million pounds. The data tracing this dramatic shift in the direct and indirect trade balance in dyes is set forth in Table IV in the Appendix.

Perhaps these data will be more meaningful to you market experts if they are converted into dollars at the average unit selling price for dyes in the American market. So converted, the favorable balance in 1953 was worth a net of $13.1 million to the U.S. dye industry, and only $805,000 in 1967.

This year the direct and indirect trade deficit in dyes will likely be a deficit representing a loss of $2.6 million in potential sales in the U.S. dye-textile market. This deficit will rapidly increase to $30 million by 1972, the year of the last Kennedy Round tariff cut.

We estimate that the direct and indirect trade deficit in dyes will zoom to nearly $315 million by 1980. This figure is not without significance as the total sales of U.S.-produced dyes in 1966 were valued at $331.5 million.

When rising U.S. imports of cotton textiles reached a level equivalent to 5.2% of domestic consumption, the Kennedy Administration made very determined efforts to bring the situation under control. Worth-while innovation produced the Short-Term and Long-Term Cotton Textile Arrangements. Whatever the faults in administration of these agreements, they have had the salutary effect of smoothing out the upward slope of textile import increases to a lower and more uniform rate than the more chaotic fluctuations which characterized the cotton textile trade prior to 1962.

In 1965, direct imports of dyes passed the 5.2% benchmark of market disruption established through intergovernmental negotiations in the cotton textile case. If import penetration is measured in dyes as it was in cotton textiles by taking into account the indirect imports as well as the direct imports, the market penetration passed the 5.2% benchmark in 1961.

There are various methods for measuring market penetration by imports. By any test dye imports have reached and passed the level of market disruption and call for far more positive Government action than the harassment which the 50% tariff cut and the threatened repeal of the American Selling Price constitute for the U.S. dye industry. Various market penetration ratios for dyes are summarized in the following table.

TABLE 2.—RATIO OF IMPORTS TO DOMESTIC CONSUMPTION IN DYES (BASED ON UNITS)

	Direct imports to—		Direct and indirect imports to—	
	Total direct consumption	Direct consumption of dyes in textiles	Total direct consumption and indirect consumption in textiles	Total direct and indirect consumption in textiles
1953	1.9	2.9	2.4	3.5
1957	2.8	4.5	5.1	7.5
1961	3.9	5.9	5.4	8.0
1965	5.9	8.9	8.1	12.1
1966	7.0	10.6	9.5	14.0
1967	5.9	8.8	8.5	12.6
1972	11.8	17.7	16.3	23.8
1976	22.5	33.8	29.6	42.4
1980	47.8	71.7	57.6	79.0

Source: Trade Relations Council of the United States, Inc.

Let me conclude my remarks about the impact of textile imports on dyes by stating that in combination with direct imports of dyes, foreign products will take over the U.S. market for dyes to such an extent that within the next decade the great majority of all dyes used in textile articles purchased by U.S. consumers will be of foreign origin.