Whether you call them dry colors, pigments, or lakes and toners, the complex batch process benzenoid chemicals used in coloring print cloth are affected by textile imports, though to a considerably less degree than dyes. This stems in part from the fact that whereas two-thirds of dye sales are to the textile industry, perhaps only 8 to 10% of pigment sales are made to the textile industry.

Nevertheless, foreign producers of pigments have understood the importance of the U.S. textile market. Whereas domestic consumption of pigments in textiles, we estimate, has remained comparatively static during the past 15 years, ranging from 2.7 million pounds in 1953 to 2.6 million pounds in 1967, imports have zoomed upward at a dusty rate, increasing from 398,000 pounds in 1953 to 1.9 million pounds in 1967, nearly a fourfold increase.

Our projection of an exponential trend for imports of pigments, adjusted in relation to the 50% tariff cut on pigments made by our Government in the Kennedy Round, leads us to believe that by 1980 U.S. imports will reach 15 million pounds, cutting sharply into total domestic shipments of pigments to all trades and reducing total domestic consumption far below today's level of between 30 and 40 million pounds. The pertinent data are summarized for you in Table V of the Appendix.

As is evident from Table V, the United States has enjoyed a substantial trade surplus in dry colors. At the average unit sales prices reported by the U.S. Tariff Commission, we calculate that the net direct and indirect trade balance in pigments increased from $4.4 million in 1953 to $8.9 million last year. We believe that the value of the direct and indirect favorable trade balance in pigments will reach its peak this year at $9.3 million.

Under the impact of the 50% reduction in duty granted in the Kennedy Round, the five successive annual tariff cuts of 10% each which commenced on January 1, 1968, will reverse this trend both as to the direct trade balance and as to the indirect balance of trade in pigments contained in textile products. A quick decline in that trade balance will set in and be virtually eliminated by 1975, according to our estimates. In fact, we believe that by 1980 the net direct and indirect balance of trade in pigments will represent a loss of $34 million in sales to U.S. producers of pigments.

As for market penetration, the ratio of imports to domestic consumption in all uses of pigments in 1967 was 5.9%, and if the pigments imported as part of textile product imports are counted, this penetration ratio moves up to 6.2%. Under our projections, by the last year of the Kennedy Round cuts in 1972 we estimate that the market penetration of imports of pigments will have risen to 9.1%, or to 9.5% if the pigment content of textile article imports is counted.

According to our projections, by 1980 the ratio of imports to domestic consumption of pigments will exceed 50%.

Let me conclude by making a few observations about the impact of imports on the U.S. market for a somewhat vaguely defined class of chemicals known as textile assistants. Consisting of sulfonated oils and fats, softeners, soluble oils and greases, and other articles used as wetting agent, waterproofing emulsions, and mordants, this class of products comprises a market within the textile industry of considerable importance to the chemical industry.

Domestic consumption of these chemicals this year will be valued at nearly $200 mililon. In addition, U.S. producers export roughly $40 million of textile assistants annually. Thus far imports are small by comparison, but they have risen from a value of $101,000 in 1953 to nearly $6 million in 1967. Our projections show that U.S. direct exports will probably exceed U.S. direct imports of textile assistants throughout the next 12 years. The pertinent data are shown in Table VI of the Appendix.

When indirect imports of textile assistants—that is, the content of these chemicals contained in or represented by imports of finished textiles—are reckoned, they will change this very favorable trade picture into a deficit by 1978.

Currently the favorable direct trade balance is in the order of 37 million pounds, and the indirect trade balance is a deficit of 2 million pounds. The indirect deficit is growing rapidly because of the large increase in imports of finished textile fabrics and made-up goods. Admittedly, it is difficult under the