

We certainly believe in the free movement of capital. It is also clear that tariffs are not the only consideration in a decision to invest abroad. Furthermore, we do not mean to suggest that all of the \$9 billion of sales by United States plants abroad substitute for potential exports. Nonetheless, the data makes clear that a very significant amount of potential exports has been lost to the United States by the investment policies of our chemical companies.

Thus, the inducement to increase exports contained in the ASP package may not be of interest to American chemical companies because of their investment policies. They may very well wish a protected market in the United States and a protected market in Europe for their plants there to maximize their profit position in each market.

Regardless of the position of the chemical companies, this is certainly not in the interest of the United States. There is a five-fold loss involved :

1. The foreign exchange involved in the foreign investment is lost.
2. The foreign exchange earnings from potential exports are lost.
3. Employment in the United States is lost.
4. Sales of resources and materials to the chemical industry are lost to United States producers.
5. Competitive prices and other benefits to American consumers and the economy are lost.

Certainly the United States should do nothing to artificially stimulate investment abroad. It is suggested that ratification of the ASP package will remove one such artificial stimulant to investment and will provide instead a stimulant to exports which will be in the best interest of the United States.

Conclusion

We invite the Congress to fully consider the economic issues involved and the implications of its action for the future of the American economy and of the world economy. We wish to suggest that abolition of ASP is the gateway to further progress in removing impediments to United States exports and that such ratification will be advantageous not only to the economy as a whole but to the chemical sector as well. We are convinced that a complete examination of the relevant facts will substantiate our contention that the ASP negotiation was fair and reciprocal and should be ratified by the United States Congress.

FIGURE I

CHEMICAL and ALLIED PRODUCTS—U.S. Shipments and Imports, 1962-1967

