MINUTES of the ninety-second meeting of the Directors of the Manufacturing Chemists' Association, Inc., held at the Queen Elizabeth Hotel, Montreal, Canada, on October 20, 1959, at 10:45 a.m. (EDT).

There were present:

Messrs.	Peter C. Allen	Marlin G. Geiger
	Howard S. Bunn	Theodore Marvin
	John T. Connor	R. C. McCurdy
	R. F. Coppedge, Jr.	Mark E. Putnam
	Lee V. Dauler	Robert B. Semple
	David H. Dawson	R. W. Thomas
	J. Robert Fisher	George R. Vila
	Joseph Fistere	M. F. Crass, Jr.

Alternates:

A. E. Albright (for Hans Stauffer)
Henry L. Ford (for James C. White)
William P. Gage (for Marlin G. Geiger)
Richard J. Hefler (for Peter Colefax)
John A. Hill (for Charles S. Munson)
Kenneth H. Klipstein (for W. G. Malcolm)
William H. McLean (for John T. Connor)
Harold E. Thayer (for Joseph Fistere)
Donald Williams (for Mark E. Putnam)

General Counsel:

Henry H. Fowler -- Fowler, Leva, Hawes & Symington
Marx Leva -- Fowler, Leva, Hawes & Symington

Present by Invitation:

E. P. Aikman, Allied Chemical Canada, Ltd.
M. F. Anderson, Dominion Rubber Company Limited
Vincent T. Anwyll, Canadian Chemical Company, Limited
R. W. Atkinson, Allied Chemical Canada, Ltd.
C. M. Beamer, Imperial Oil Limited
R. G. Beck, Du Pont of Canada Limited
J. R. Donald, Western Chemicals Ltd.
L. D. Dougan, Polymer Corporation Limited
D. W. Evans, Aluminum Company of Canada, Limited
John S. Gates, Foote Mineral Company
Eric Gudgeon, Canadian Aniline and Extract Co., Limited
J. D. Gunther, Air Reduction Company, Inc.
W. N. Hall, Dominion Tar & Chemical Company, Limited
K. H. Hannan, Union Carbide Corporation
R. Hendricks, The Consolidated Mining and Smelting Company of Canada Limited
D. E. Jones, Electric Reduction Company of Canada, Ltd.
W. S. Kirkpatrick, The Consolidated Mining and Smelting Company of Canada Limited
Herbert H. Lank, Du Pont of Canada Limited
R. G. Mactaggart, Reichhold Chemicals (Canada) Limited
A. C. McKim, Merck & Co. Limited

Present by Invitation:

L. P. Moore, Cyanamid of Canada Limited
S. H. Newburn, Air Reduction of Canada Limited
Robinson Ord, Canadian Chemical Company, Limited
R. F. Powell, Standard Chemical Limited
H. L. Reichart, Jr., Carbide Chemicals Company
H. D. Ross, Shawinigan Chemicals Limited
W. T. D. Ross, Canadian Industries Limited
Leo E. Ryan, Monsanto Canada Limited
L. D. Smithers, Dow Chemical of Canada, Limited
H. S. Sutherland, Shawinigan Chemicals Limited
F. W. Tetzlaff, Rohm & Haas Company of Canada, Limited
F. P. Wilson, Union Carbide Canada Limited

A program of special events preceded the business meeting. On the previous evening, Association representatives were guests at a reception and dinner at the Queen Elizabeth Hotel tendered in their honor by a group of Canadian chemical companies. At this dinner, addresses were delivered by Chairman Connor and G. Arnold Hart, President of the Bank of Montreal. Both speeches are appended to these Minutes as Exhibits A and B.

On the morning of October 19, those present were shown a film of the new St. Lawrence Seaway; then were transported by bus to the Seaway itself where representatives visited both major locks and other points of interest.

At noon, Canadian and U. S. chemical representatives were driven to the Headquarters, Air Defence Command of Canada, St. Hubert Airport, where a reception was held and luncheon served in the Officers' Mess. At that time the Association presented the Mess with a silver cigarette box. During the afternoon, our group was conducted on a tour of the St. Hubert installation, were given a briefing on modus operandi of the Base and witnessed an emergency takeoff of two RCAF jet fighter planes.

In calling the meeting to order at 10:45 a.m., Chairman Connor welcomed the Directors, Alternates, and guests and invited them to participate actively in the meeting. He thanked Mr. W. T. D. Ross and his Committee, together with his deputies, Messrs. Wheable and Boomer, for the fine program which had been arranged.

I. MINUTES OF SEPTEMBER 15, 1959, MEETING.

The Minutes of this meeting were duly approved as submitted to the members.

II. THE MCA PROGRAM -- A REVIEW.

Although the unavoidable absence of General Hull from this meeting had been explained the previous evening by Mr. Peter C. Allen, Toastmaster at the dinner, Mr. Connor again expressed General Hull's regrets and then called upon Association Secretary M. F. Crass, Jr., to read a ten-minute report which the General had planned to deliver at the meeting. Copy of this report, covering current MCA operations and program, is attached to these Minutes as Exhibit C.

III. REPORT OF THE EXECUTIVE COMMITTEE.

The Chairman referred to the meeting of the Executive Committee which had been held that morning and stated that Mr. Dawson, Chairman of the Committee, would report on items discussed by the Committee when taken up in their respective places on the Board agenda.

IV. REPORT OF THE TREASURER.

(a) Financial Report, June - September 1959. The financial report for the four months ending September 30, 1959, was summarized by the Treasurer. Following a brief discussion of the report,

ON MOTION duly made and seconded, it was

VOTED: That the report be accepted and placed on file.

(b) Status of Education Contributions. To date, 105 member firms have contributed a total of $158,287, which indicates over-subscription of budget to the extent of several thousand dollars. Last year, 93 companies contributed.

V. BOARD OF DIRECTORS.

(a) Appointment of Alternates. The Chairman advised that the following Board members have requested the appointment of Alternates:

Board Member	Alternate and Company
Peter C. Allen	W. T. D. Ross, Canadian Industries Limited
L. G. Bliss	John S. Gates, Foote Mineral Company
Howard S. Bunn	Kenneth H. Hannan, Union Carbide Corporation
Robert B. Semple	Bert Cremers, Wyandotte Chemicals Corporation
R. F. Coppedge, Jr.	W. P. Marsh, Jr., National Distillers and Chemical Corporation
John R. Hoover	Harry B. Warner, B. F. Goodrich Chemical Company

ON MOTION duly made and seconded, it was

VOTED: That all appointments be approved.

(b) Report of the Membership Committee. Mr. Thomas reported that applications had been received from:

Marbon Chemical Division of Borg-Warner Corporation
Western Chemicals Ltd.

and that, in the opinion of the Membership Committee, the applicants were qualified for membership under the Association's By-Laws.

ON MOTION duly made and seconded, it was

VOTED: That the two applications be approved, subject to the 30-day notification to members provided under Article III, Section 4, of the By-Laws.

In terminating his report, Mr. Thomas asked members of the Membership Committee to meet briefly with him following conclusion of the Directors' meeting.

(c) Nominating Committee. Mr. Thomas reported that, as a consequence of the retirement of Mr. Glen B. Miller as President of Allied Chemical Corporation and his resignation from the Association's Board of Directors, the Nominating Committee had given consideration to selection of his successor to fill the vacancy until the next Annual Meeting of the Association. In behalf of his Committee, he then presented the name of Mr. Kerby H. Fisk, Chairman and Chief Executive Officer of Allied.

ON MOTION duly made and seconded, it was

VOTED: That Mr. Fisk be elected to the Association's Board of Directors for a term comprising the balance of the current fiscal year.

(d) Program Committee. In the absence of Chairman Gillis, those present were handed copies of an illustrated brochure outlining the panel and general program which had been arranged in connection with the 9th Semi-Annual Meeting of the Association in New York City on November 24, 1959. Copies of this brochure, together with registration forms, were sent to member representatives on October 12. Those present briefly discussed the program.

(e) International Chemical Operations Activity. In accordance with action taken at the September 15, 1959, Directors' meeting, proposed terms of reference for the recently approved Committee were drafted by the staff, in collaboration with General Counsel, and forwarded to Directors for review in advance of the meeting. Mr. Dawson stated that the draft had been discussed by the Executive Committee earlier that day and presented recommendations for deletion of the first and third sentences of the second paragraph of the draft.

ON MOTION duly made and seconded, it was

VOTED: To approve the draft as amended by the Executive Committee.

The Secretary reported that he had discussed Committee personnel with the staff and the Committee Chairman and that a slate would be presented to the Directors at the November 23 meeting for confirmation.

Additional discussion brought out the fact that the draft, as submitted, might possibly result in some differences of viewpoint vis-a-vis Canadian and U. S. members. It was agreed that in carrying out its assignments, the Committee would have to recognize this possibility in its deliberations; further, that reports of Committee activities would be received by the Board of Directors from time to time and that this procedure would undoubtedly result in the satisfactory disposition of objections raised, as has been the case in the past on the part of the International Trade and Tariff Committee. Those present agreed that Canadian representation on the Committee would be desirable.

A copy of the terms of reference, as approved, is attached to these Minutes as Exhibit D.

(f) March 1960 Regional Directors' Meeting. Minutes of the last meeting reported acceptance of an invitation extended to the Directors by Messrs. Ernest Hart and Hans Stauffer to meet at Pebble Beach, California, during March 1960. The timetable proposed by the West Coast Committee called for a reception and dinner in San Francisco on the evening of March 7, with conferences at Pebble Beach on the 8th, 9th, and 10th of that month. Preference of the Directors for dates later during that week were sent to Mr. Hart who took them up with the hotel management. Word has now been received that it will not be possible to change the dates and, as matters now stand, the California meeting will be held as set forth in the above schedule.

VI. TECHNICAL AND FUNCTIONAL COMMITTEE APPOINTMENTS.

The following committee appointments were approved:

(a) Air Pollution Abatement Committee.
William R. Chalker, E. I. du Pont de Nemours & Co., Inc., replacing George F. Collins.

(b) Food Additives Committee.
F. R. Barron, American Cyanamid Company, replacing J. T. Thurston.

(c) Industrial Alcohol Technical Committee.
Walter W. Carré, U. S. Industrial Chemicals Co., Division of National Distillers and Chemical Corporation, as Chairman.
A. H. Pflugh, Enjay Company, Inc., as Vice Chairman.
Wesley P. Gover, Tennessee Eastman Company, replacing C. G. Smith.

(d) Labels and Precautionary Information Committee.
Joseph T. Gormally, Pennsalt Chemicals Corporation, replacing Nicholas M. Walker.
C. B. Shaffer, American Cyanamid Company, replacing John B. Williamson.
F. D. Sparre, E. I. du Pont de Nemours & Co., Inc., replacing John H. Foulger.

VI. TECHNICAL AND FUNCTIONAL COMMITTEE APPOINTMENTS. (Cont'd.)

(e) Nuclear Committee.
Harold Lambertus, Spencer Chemical Company.

(f) Plastics Committee.
Walter H. Salzenberg, E. I. du Pont de Nemours & Co., Inc., as Vice Chairman.

VII. STAFF REPORT AND MISCELLANEOUS ITEMS.

(a) Staff Personnel Addition. The Secretary reported that Mr. George E. Best would join the Association on about December 1 to take over duties previously handled by other staff representatives. These will include responsibility for air and water pollution abatement, chemical packaging, and miscellaneous assignments. Mr. Best is a graduate of MIT with more than 20 years experience in the chemical industry. Past assignments with member companies have included responsibility for the type of work he will undertake with the Association.

(b) National Defense Executive Reserve. The Secretary briefly reviewed the objectives of the National Defense Executive Reserve which was established two years ago by Executive Order under provisions of the Defense Production Act. The Association has submitted to the U. S. Department of Commerce the names of 79 candidates for the Reserve which are now being processed and screened by the Government. With the roster on hand previously, this brings the Reserve, insofar as chemical and rubber responsibilities are concerned, up to the Department's quota of 150.

(c) Reporting and Disclosure Act of 1959. On October 9, following invitation received from the National Labor Relations Board, the Association submitted a formal statement incorporating views on the problems of delegating decision-making authority to NLRB directors in representation cases.

(d) Internal Revenue Code. Proposed Regulations on Lobbying Expenditures. At the request of the staff, General Counsel has prepared draft of a letter to Executive Contacts commenting on the effect, if any, on MCA and on MCA member firms in their relationship to MCA of the "Proposed Regulations on Lobbying Expenditures" under the Internal Revenue Code, which was published in the Federal Register of September 19, 1959. Conferring informally, both staff and General Counsel agreed that the Association should not submit a statement to the Government with respect to the proposals but, instead, should transmit Counsel's comments and views to member firms for their information and guidance.

Following conclusion of the meeting, those present assembled in the St. Laurent Room of the Hotel for cocktails and luncheon.

APPROVED: John T. Connor
Chairman

M. F. Crass, Jr.
Secretary

4 Attachments

A BILATERAL CANADIAN -- UNITED STATES TRADE APPROACH

JOHN T. CONNOR
Montreal, Canada
October 19, 1959

Your Excellency the Mayor,
Gentlemen of Canadian Business and Finance, and
Fellow Chemical Industrialists from the States:

Tonight represents something of a landmark in the history of the Chemical Industry on the North American continent. This is the first time the Board of Directors of the Manufacturing Chemists' Association has met in Canada since its origin in 1872. We want to thank our Canadian chemical industry associates for having invited us to visit them, and also thank them for giving us the opportunity to exchange views with so many distinguished Canadians in other fields of industry and in the fields of government and finance. We appreciate your presence here tonight.

The MCA by-laws were amended in 1953 to invite the membership of Canadian chemical firms. Since then we have gained eight Canadian members, and unless some unexpected event takes place between now and then we expect favorable action on the membership application of the ninth, Western Chemicals Limited, at our Board meeting tomorrow.

There are many other fine Canadian chemical firms which are not MCA members. To them we say - "You're welcome to apply for membership or not as you see fit. We understand quite well that there are good reasons why you might prefer not to join us, or even to form your own association. You're under no pressure whatsoever to become members of MCA, and we'll respect your ultimate decision, whatever it is."

In thinking about my talk tonight I requested and received advice from quite a few people. Their advice was so conflicting that at several times I despaired of trying to do anything but give the traditional "hands across the border" speech. But I did think I had something I wanted to say, albeit somewhat controversial. Having once been a Government official, I recalled the practice used when you want to say something you can't possibly get cleared by high authority, and so decided to introduce my talk by using that old refrain that neither the United States Government, nor my fellow MCA directors, nor our Canadian hosts, nor the "man on the street," either in Canada or the States, and certainly not my wife, should be held responsible for what I have to say - that being my sole and exclusive responsibility and liability.

But then a Canadian friend came to my rescue. He suggested that I go ahead and say what I have in mind, and assume that the Canadians present are already quite familiar with at least the facts. Therefore, he suggested, address your remarks directly to your fellow "Americans" present.

That's exactly what I intend to you. I hereby request my fellow representatives of the U.S. chemical industry to put on their Canadian hats while we're here in Canada tonight and tomorrow, and look at the problems of international trade through Canadian eyes to see if we can't reach a better understanding of how to solve some of the problems that affect both countries in much the same way. It's natural for us to take the Canadian point of view because a large number of our firms have affiliated Canadian organizations, and we have followed the phenomenal growth of the Canadian chemical industry with interested and appreciative attention.

Tonight I presume to suggest that we're in the beginning of a new and much more difficult era of international trade relations. In this new era I question whether free world trade can be fostered only by a multi-nation approach looking to the gradual reduction and ultimate elimination of tariff duties on a most favored nation basis.

What is the practical effect of low tariff rates when a country, for example, the United States, puts mandatory oil import quotas into effect because of domestic oil industry problems?

Who cares whether tariff rates on imported chemicals are high or low when the country of destination, for example, Great Britain, frequently won't make any dollars available to pay for them so that their importation is completely blocked?

Why argue about the basis for computing a duty on bulk penicillin exported from Canada or the United States to a country, for example, Spain, when the government there bars all penicillin imports in order to protect its infant penicillin industry?

The same thing is happening to some extent in India, and Australia, and Japan, and Argentina and many, many other countries. Most of them have some sound justifications, such as that they want their economies to recover quickly from World War II damage, or they must industrialize in order to provide employment for their people, or they don't ever again want to be short handed in consumer and other goods in the event of a war elsewhere in the world, or they want to emerge as quickly as possible from a prewar colonial status, or they want to build up a middle class, or they prefer to process their own raw materials as far as possible themselves, or they want to save badly needed foreign currencies, or they have other objectives that are eminently worthwhile from their point of view. In addition, some of these trade barriers have been imposed for reasons that are not so sound. For example, many import barriers have been put into effect after financial affairs became chaotic because of inexperience or ineptness, or because the governments encouraged or allowed the purchase of imported luxuries that their economies really couldn't afford.

In view of these drastic economic changes, I would like to suggest that the time has come when trade between the chemical industries of our two countries should no longer be conducted on a multilateral, most-favored-nation basis. Rather, I suggest that we in the chemical industry in Canada and the United States examine the possibilities of operating on a bilateral basis, with preferential and exclusive treatment being given to each other on tariffs, quotas and other trade restrictions.

I should like to emphasize that my remarks are directed mainly to the situation in the chemical industry. My lack of knowledge of the complexities of other industries makes it impossible for me to comment on them specifically. More than that, I have no wish to inject my thoughts into matters that are not of direct concern to our industry in general or to Merck in particular.

Probably the most significant single event making the "most-favored-nation" approach obsolete was the rise of the common market concept. As in so many other things in today's world, the Communists led the way in their development of the Sino-Soviet trade bloc. Their relationships encompass much more than economic matters, but in the economic field is there any doubt that normal trade and industrial relationships were altered when Hungarian, Czech and Polish industrial products started flowing east instead of west? Or when Russian industry started supplying many of the needs of the vast Chinese market? Or when the Communists started using trading terms that most of us don't even recognize because the commercial notes have been "jammed" by the political and social overtones?

Now six European nations have banded together economically in the European Common Market. Seven others, including Great Britain, are in the process of forming the so-called Outer Seven free trade area, that is, free trade with each other, but not the rest of the world and having some, as yet undetermined, effect on Empire Preference. And important Latin American countries just this month negotiated a 15-year agreement for gradual removal of restrictions among themselves.

It probably isn't necessary to enumerate the advantages which may accrue to member nations of regional blocs. In the ECM, for example, a recent Committee for Economic Development statement lists the major benefits as:

- Expansion of the size of the trading market so that industries could attain the size necessary for maximum efficiency.

- Expansion of the size of the labor market and facilitation of the mobility of labor in order to help absorption of the unemployed, chiefly Italian.

- Promotion of the flow of capital in order to stimulate growth of the less advanced regions in the Community in Europe and also in associated overseas territories.

- Attraction of more foreign capital, especially from the United States, because of the widened protected market that would be open to a factory or other facility set up inside the Community.

- Widening the area of competition in Europe, thereby forcing the concentration of production in the most efficient areas and firms.

It is evident that the advantages for ECM members can be very important indeed if the project achieves these goals. The sudden rush to build plants within the European Common Market indicates that many businessmen who wouldn't have dreamed of it before now think that's a "natural" place to have production facilities, unquestionably because of the protectionist features available if you're there, and the huge barriers facing you from this side if you're not. Incidentally, our Merck Sharp & Dohme International Division is among those there, with production operations in Holland. And we're also in England - and India - and Brazil - and most recently Thailand - and many other places.

All of us here have witnessed or participated in the up-hill struggle to achieve sound and effective world trading arrangements since the end of World War II. The prosperity of the past few years, the enlarged investments and rapid technological progress, the generous outpouring of foreign aid by the North American people - all seemed to solve urgent and immediate problems, but none of them succeeding in bringing the goal of world free trade within reach.

I realize that some liberalizing measures have been taken during the past year - wider convertibility of leading European currency, renewal of reciprocal trade agreement legislation in the United States and modification of some quantitative trade barriers by such countries as France and the United Kingdom. But the fundamental fact is that the early postwar enthusiasm for the cause of freer international trade has been channeled in the direction of creating closer-knit and inward-looking regional trading arrangements.

Even in the absence of any formal regional trade arrangement, trade relations between Canada and the United States have grown steadily over the years. Since Canada became a nation in 1867, trade by each of our countries with overseas nations has expanded 35 times, while trans-border trade between our two countries has expanded 80 times.

Trade barriers imposed by the Canadian and U.S. governments currently are among the mildest in the world. Only a handful of countries impose lower tariffs, and all of these low-tariff countries, with the exception of Canada and the United States, maintain some form of currency restrictions. In addition, most of them make use of import licenses and quotas, or other weapons in the arsenal of protectionism. Postwar Canadian governments have naturally taken the lead in the struggle to remove obstacles to trade, since many Canadians believe that the best of all possible worlds for Canada would be a free trade world. Our own Trade Agreements Program, including the commitments made by the United States under GATT, has been motivated by the same principle.

Naturally our two countries have extended to each other the tariff concessions made under multilateral programs during the postwar period. In addition, a very substantial proportion of total trans-border trade moves duty-free between Canada and the United States - over three-fifths in the case of our imports from Canada, and about two-fifths of Canadian imports from the United States. In spite of its importance, this free trade involves relatively few products - for example, newsprint, pulp wood, wood pulp, iron ore, uranium, asbestos and agricultural machinery on the U.S. side, and certain automobile parts, farm equipment, drilling apparatus, anthracite coal, aircraft, oranges and soya beans moving from the United States to Canada.

Among primary manufacturers, barriers are more restrictive on both sides, and frequently for the same products - for example, primary textiles, a number of primary metal products, such as copper wire and tubing, and various primary chemical, paper and other products. In our own chemical industry we see tariff rates like these: Canadian - ethylene glycol - free to 15%, ammonium nitrate - 25%, synthetic resins - free to 15%. On the other hand the United States has such rates as: cellulose acetate - 30%, chlorine - 10½%, titanium compounds - 15%.

Such barriers clearly have had important effects on the location of industry and the pattern of production of chemicals in both the United States and Canada. However, tariff levels, even for finished manufactured products, are prohibitive only on very few items. At least three-quarters of Canadian imports from the United States are manufactured goods. Except in cases where these goods are exempted from duty because of special "end-use" provisions, they come in over tariffs that range all the way up to 40 or 50 per cent, but average about 15 per cent. Many of these imports nevertheless compete effectively with Canadian goods, and hold a very substantial proportion of the Canadian market.

But the competitive situation for both Canada and the United States is now changing rapidly. The principle cause for the change lies in the kind of price competition we are meeting both at home and abroad for many of our products. Low-cost producing countries are beginning to dominate markets with products priced far below the minimum levels necessary for Canadian and United States producers.

United States exports have declined approximately 30 per cent in the past 18 months. Had it not been for the foreign economic aid program and heavy export subsidies, the decrease would have been greater. In the first quarter of this year, the U.S. paid out $864 million more than it received from foreign transactions - a deficit 50 per cent larger than that for the first quarter of 1958 and the highest in 60 years. Meanwhile, the exports of Britain, France, Italy, Germany and Japan have increased.

There is only one other country of first rank in world trade beginning to experience the same difficulty, Canada. True, Canada's exports so far this year are showing a slight increase over 1958, but this is caused by an increase in exports to the United States, traditionally the recipient of about three-fifths of Canada's total exports.

I want to emphasize to my U.S. chemical industry associates that the balance of trade between our two countries is preponderantly in favor of the United States. Canada's 17.5 million people buy much more from the United States than 175 million Americans buy from Canada. Should this condition continue indefinitely?

The August, 1959 issue of Business Record, published by the National Industrial Conference Board, had this comment:

> "Unfortunately, the encouraging half-year rise in exports to the United States was partially offset by lessened sales to other foreign markets. Exports to the United Kingdom were off by 1 per cent, to other Commonwealth countries by 14%, and to all other countries by almost 16%."

But this is only part of the story. Equally critical, if not more so, is the threat developing in our home markets.

The invasion of foreign-made cars into the United States market has been so well-publicized that I do not need to expand on that example. Each of us here can immediately think of other equally-well-known examples.

But our own industry, and my own company, has been hard-hit by foreign competition in the United States market with very little public notice. Sales in the United States of bulk medicinal chemicals such as vitamins, and antibiotics, such as penicillin and streptomycin, by United States producers have suffered badly during the last 18 months, because the prices charged for similar products imported from Europe, Japan and Australia have been consistently below the prices we quote as a result of our higher labor and overhead costs. Foreign manufacturers apparently can import over the U.S. tariffs and still undersell domestic products.

Canadian manufacturers suffer in a similar way. To be protected from lower labor cost competition from abroad a Canadian company must first build a plant and show that the cost content of the product produced is over 25% Canadian. Then, with no protection from dumped imports, the company must capture at least 10% of the Canadian market. Having done these things, application is made to the Canadian government which in turn writes the importers in the business for their comments. If no rebuttal is forthcoming, the product is declared "of a class or kind made in Canada" and a ruling is published. Then for 21 days a period of grace ensues during which any importer may bring in, at the old rate of duty and free of any antidumping restrictions, unlimited quantities of the product in question, often in quantities sufficient to supply the Canadian market for some time.

Merck & Co. Limited, our Canadian subsidiary, has gone through exactly this several times, the outstanding recent example being with niacin. We built a plant two years ago to produce niacin, and yet even today the imports our competitors made at that time are not yet completely sold. Meanwhile our plant has been half idle and losing money because it can supply only a part of the Canadian market.

Briefly, then, we have the same situation in both our countries. The peoples of Canada and the U.S. are enjoying a boom year in almost every aspect of economic life. But the one important factor that is now out of phase -- our export trade -- plus the emerging problem of much greater home market competition from low labor cost countries, pose serious long-range threats to the basic economic structure of Canada and of the United States.

We can, it seems to me, approach these problems in either one of two ways: we can continue to go our separate roads, each adjusting his tariff levels upward at any point where import competition becomes significant. And let's not try to fool ourselves, or each other. As our home market business falls off, it will be argued in both countries that we should adopt all known time honored protective devices. If corporate managements aren't persuasive enough with political officials, the labor union leaders may very well be, as more and more jobs of union members fall into jeopardy. In the United States we are already seeing a switch in the attitude of unions away from the free trade point of view.

But if we go our separate ways, which at least has the appeal of simplicity, we shall doubtless lose many of our foreign markets, most of the good-will earned during and after two world wars, and all or most of the benefits from fifty or sixty billion dollars worth of foreign aid.

We can, on the other hand, try to meet head-on the new competition arising in the Soviet Bloc, the European Common Market, the Outer Seven, the Latin American Bloc, and other regional trading groups, present or prospective, by attempting to work out a joint approach strictly on a bilateral basis. This is a more sophisticated approach and therefore will require more understanding by the people of both countries.

The people of our countries have remarkably similar characteristics. Economically, both countries have high wage levels and standards of living. Spiritually, both nations are essentially religious rather than atheistic, with Judaeo-Christian backgrounds. The legal systems of both countries are based on English common law and the Napoleonic Code. The racial origins of our populations lie predominantly in the British Isles and Western Europe, although there are strong mixtures of other groups, particularly in the United States. Our political systems emphasize democratic procedures, with respect for the individual as paramount. The educational systems are also quite similar with emphasis on broad, general training, as well as growing emphasis on specialized training. And the social structure of each country affords each individual a good opportunity to improve his status if his own accomplishments merit it.

In short, the peoples of Canada and the United States share the same "way of life."

What I am proposing is simply an extension of that mutual way of life into still another area, that of giving each other preferential treatment in matters of trade. Putting it another way, we seem to be in the same boat, so why not start rowing in the same direction.

As a first stroke, I suggest the possibility of having the chemical industry in Canada and the United States establish a top-level committee to sponsor and guide a study of means for removing our chemical trade barriers of all kinds, on an exclusive and bilateral basis. The committee could proceed expeditiously on the basis of authoritative industry knowledge of our problems and aspirations. It could be composed of, say, three representatives each from Canada and the United States, and might make use of staff help available through a contract with the Private Planning Association of Canada, the National Planning Association in the United States, or both.

It will take a great deal of time, of course, to come up with any sensible proposals that would receive general support within our respective chemical industries, and then be worked out between our governments. But we should remember that, after many years of negotiation, the European Common Market has set a period of 15 years in which to reach its eventual final form. While the necessary studies and negotiations proceed, we would continue to take necessary remedial actions for pressing current problems within each country on a unilateral basis. For example, I'm familiar with the Canadian chemical study of classifications and rates now going on, and there would certainly be no intent to interfere with its conclusion in any way. We recognize that many of our existing provisions have become obsolete, as have many of yours. We also recognize that in some cases the Canadian chemical industry may need short term protection against the competitive cost advantage possessed by the U.S. chemical industry because of its larger production capacity.

But the argument that because so much time is required we should postpone action is not valid, in my opinion. I am convinced that formation of a study group now has distinct advantages.

For one thing, it would give our industry a head start on eventual consideration of the question by our governments. It is quite likely that the recommendations of such a group would carry considerable weight with governmental study groups at a later time. I for one am fed up with our current practice of coming into inter-governmental discussions at the eleventh hour shouting tired slogans, but having all too few facts.

Specifically, the group could try to determine what tariffs affecting chemicals could be lowered or eliminated with advantage to both countries. It could also look at the various classifications of chemicals in both countries to see if more uniformity is possible. At the same time it might take a realistic look at the tariffs applied to chemical and pharmaceutical products imported into Canada and the United States to the detriment of domestic producers.

The existence of such a study group would also have the advantage of providing an immediately available forum where combined actions could be decided upon the basis of mutual interest.

Then, too, there are important benefits to be derived by the chemical industry from initiating a study project that would inevitably result in the increased knowledge and understanding of each others' problems and opportunities. I think you will agree that we can never have too much knowledge and understanding of that kind.

Thank you.

# # #

EXHIBIT B

REMARKS BY G. ARNOLD HART
President, Bank of Montreal, at the Dinner Tendered to the Directors of Manufacturing Chemists' Association, Inc. on October 19, 1959, by a Group of Canadian Chemical Companies

My very pleasant duty this evening is to extend, on behalf of the Montreal business community, a cordial greeting and hearty welcome to you, the Board of Directors of the Manufacturing Chemists' Association, on the occasion of this, your first meeting in Canada.

International visits by distinguished personages have been much in fashion this autumn, but in this particular instance no Iron Curtain has had to be penetrated; as far as I am aware your coming has created no problems for security police and no one has needed to utter the prayerful hope that as a result of "this useful exchange of views" some relaxation of international tension may result.

Having noted that your Association can trace its history back to 1872, I confess I am just a little surprised that it has taken this long to discover the attractions of Montreal, the colourful Paris of the New World. I say this because back in the days of the 18th Amendment in your country, visits to Montreal from the then arid United States were highly popular indeed. I can only conclude that for manufacturing chemists prohibition had no problems.

Going back further into history, the first recorded instance of a visit to what is now Montreal was the arrival from France of Jacques Cartier in the year 1535. History tells us that on his arrival he was greeted by more than one thousand Indians, with bonfires and feasting. Four centuries later I have to substitute for the Indians, and while we have to dispense with the bonfires, Montreal's welcome to you is none the less warm.

Montreal as such was founded in 1642 by Paul de Chomedy, Sieur de Maisonneuve, as a fortified settlement. In 1667 the community had just over 750 inhabitants; by 1800, 9,000, and by 1832 when it was incorporated as a City, 40,000. Today the City's population numbers 1,400,000, with another 400,000 in the immediately adjoining communities which with Montreal comprise the Metropolitan area.

The promise of future growth not only as a trading centre but as a commercial and industrial area as well, was evident early in Montreal's history. This gives me a perfectly legitimate excuse to mention with pride that Canada's first bank, the Bank of Montreal, was formed by a far-sighted group of Montreal merchants in the year 1817.

I am glad that your first official visit to Canada has brought you to Montreal, and I say this without prejudice whatever to other fine centres in Canada which you might have visited and which I hope at some time you will visit. My reason for thinking Montreal a particularly happy choice, however, is that this City in itself exemplifies in one way or another a great many of the characteristics and influences rather peculiar to Canada and to the Canadian way of looking at things.

For example, Montreal, which is the second largest French-speaking city in the world, is a constant reminder that Canada has its roots in two cultures, that of the British Isles and that of France. French-speaking and English-speaking Canadians have had a long experience living together, working together and getting on together. Each culture contributes to Canada special gifts and special points of view, and I am sure our Canadian life is the richer for this.

Our presence here this evening in the Queen Elizabeth Hotel is also a reminder that in yet another sense Canadians live in two worlds. In our economic patterns we are North American in outlook. But we are also proud to be an independent, self-governing nation having membership in the British Commonwealth, and we do honour to our Queen not only as head of the Commonwealth but also as Queen of Canada.

Here again, our position as your northern neighbour and also a member of the Commonwealth does give us, I think, a rather special vantage point in international affairs. We are certainly not a "great power" but it has been often suggested, and I think with some truth, that our influence in the councils of nations is perhaps greater than might be suggested by our size in terms of population or military strength. It may be the case that in the free world Canada has rather a special role to play as an interpreter to England and the rest of the Commonwealth of typically North American attitudes and viewpoints and, let's face it, on occasion as an interpreter to the United States of the Commonwealth approach.

Montreal is a friendly city and it is not so large that people in similar lines of endeavour or with common interests cannot get to know each other rather well. That, too, is to my mind very characteristic of the Canadian scene. Indeed, perhaps one of the great advantages we do enjoy in this country is that we are still relatively a small nation in terms of population and because of this, widespread contacts are very easy to make. One result of this is that in Canada it is often easy to get things done informally that in larger countries would require a lot of formal organization. Another result, and perhaps even more important, is that we do get to know personally our elected representatives in government and our senior civil servants. I would not claim that relationships between government and business in Canada are a perpetual love-feast; our points of view sometimes differ. But I do suggest that the opportunities for fairly continuous contact and for round-table discussions of common problems are not difficult to come by. In consequence the relationship between "business" on the one hand and "government" on the other is one in which the business community can make itself heard and in which its opinions are treated with the respect born of a long tradition of mutual contact and mutual confidence.

In this City you will find the head offices of a large number of Canadian industries doing business on a national scale. Here, too, are the head offices of our two transcontinental railways and of five out of Canada's nine chartered banks, including the two largest ones. In most cases the history of these very large concerns reflects their inception in Eastern Canada and their subsequent spread westward as trade and industry followed the westward thrust made possible by the completion of the Canadian Pacific Railway in 1885. This development came much more suddenly than in the United States. For years in our early history the Laurentian plateau which extends from Northern Quebec and Labrador to just east of Winnipeg was an impenetrable barrier to westward development for all except the canoes of the fur traders. The building of the Canadian Pacific Railway, as I have already indicated, penetrated that barrier, which at that time was regarded as something of a national liability. In subsequent years development of that area's rich mineral resources transformed it into a great national asset, giving to Canadian growth a stimulus very similar to that provided in more recent years by the great development of the oil industry in the West.

The Canadian economy is in one way or another still heavily dependent on the export of natural resources in raw and semi-processed form. Indeed, it is no exaggeration to say that we live by trade. Relative to the gross national product of the two countries our dependence on export trade is four or five times as great as that of the United States. In the processes of trade the United States and Canada are each other's best customer. Something like 60% of our entire exports go to the United States and about 70% of our imports come from the United States.

We are very conscious in Canada that our purchases from the United States are significantly larger than our sales to that country. Last year the gap, on merchandise account alone, was over half a billion dollars; and when the invisible items such as interest, dividends, freight and the like are included, the gap was nearly one-and-a-quarter billion dollars. This gap was bridged in part by surpluses arising out of trade with other areas, and to a considerably larger extent by capital inflow, most of which came from the United States. I shall have a bit more to say about certain aspects of capital inflow in a moment or two. It might just be mentioned at this point that movement of capital into Canada seems to be the prime cause of the well-known and much discussed premium on the Canadian dollar.

You will readily appreciate that Canadian businessmen keep a very close eye on United States business trends, while it is still less surprising that we have a very direct interest in the trade and tariff policies of our southerly neighbour. In this latter respect we are not looking for any "handouts" and we would not expect the United States to follow trade policies contrary to its own best interests, but we do suggest that the best interests of the United States may well include the healthy growth and progress of that country's nearest neighbour, best customer, and partner in continental defense.

And now, before I close I would like to touch briefly upon one or two aspects of Canadian economic growth that may be of particular interest to a gathering such as this. The growth of the Canadian economy since 1945 has run ahead of what, 15 years ago or so, would have been regarded as wildly optimistic flights of the imagination. Over the past 14 years our population has risen from 12 to 17 ½ millions. Our gross national product in real terms, leaving out entirely the effects of higher prices, has increased in that period by nearly 65%. New capital investment of all types has totalled nearly $80 billions since the end of World War II. It would appear that during this period Canada has earmarked a larger proportion of its annual output for capital investment than any other industrial nation in the world. Looking further ahead all prospects would appear to point to further long-term growth. In 1955 the Canadian Government appointed a Royal Commission to examine Canada's economic prospects and after exhaustive study that Commission reported that by 1975 Canada's population should reach 24 millions as compared with the present 17 3/4 millions and, more important, the gross national product in real terms, leaving aside price changes, should be in 1975 about three times the level of 1950.

One feature of Canadian growth, past, present and future, that is attracting increasing attention in this country is the part played in it by external investment, and particularly by investment from the United States. Total long-term external investment in Canada was about $7 billions at the end of 1945; but at the end of last year it was about $18 ½ billions. Without delving further into statistics, I need only mention that the bulk of this investment has come from the United States and that at the end of 1958 United States capital controlled something over 50% of total Canadian manufacturing industry. In brief, in recent years Canada seems to have been undergoing a phase of very rapid development with accompanying dependence on outside funds not altogether dissimilar to that experienced by the United States in the nineteenth century.

I would be less than frank if I did not say that the extent of U. S. control of Canadian industry has given rise to some questioning in this country and to some problems. But it would not be true to suggest that American capital is unwelcome and certainly not realistic to maintain that we would have gotten along just as well without it. The kind of questions that arise stem, in my opinion, from the reasonable desire of Canadians to see external investment in Canada integrated closely into the Canadian pattern of life.

Some months ago our Minister of Trade and Commerce, the Hon. Gordon Churchill, in the course of an address in New York City, outlined an eight point program which I would not call the "Eight Commandments" but which might well be called the "Eight Pointed Suggestions" respecting U. S. investment in Canada. I think the points made were exceedingly good ones, and I am going to avail myself of this opportunity to repeat them here. Without further preamble, they are:

1. Offer Canadians opportunities to buy equity stocks in subsidiary companies operating in Canada.
2. Encourage and train Canadian personnel to take an increasing part in management and professional positions in subsidiary corporations.
3. Carry out more research and developmental work in Canada.

4. Promote exports from Canadian plants.
5. Use as many Canadian materials and component parts in Canadian operations as can be economically justified.
6. Do more processing of Canadian materials before export, where this can be done on a competitive basis.
7. Give local management greater autonomy in operating Canadian subsidiaries.
8. Encourage branch plants to participate more fully in the life of their communities.

Any one of these points could form the basis for a lot of discussion. I am going to content myself with one single observation of particular interest to your own Association. Despite the striking expansion of the chemical industry in Canada in recent years the per capita usage of chemicals in Canada is still only about one-half that of the United States. If we can, in this country, do further processing of our own raw materials and go further than we have in building up secondary manufacturing I do not know of any industry that stands more to profit from such a development than your own.

Gentlemen, I have just about used up my time. I have deliberately refrained from endeavouring to lecture you about your own industry. It is no news to you to hear from me statistics regarding its growth achievements and its growth potential. In these respects I would much rather listen and learn. I have tried to sketch in a few of the broad highlights of the Canadian scene that might be of some interest to our welcome visitors but which will certainly be no news to the Canadians present here this evening.

There is a lot more I could have said about Canadian problems. Some of these are very similar to those with which you have to cope in the United States. We also have a special problem in Canada in coping with levels of costs that increasingly tend to move closer to those in the United States without the advantage of an enormous domestic market. Like the United States, we have problems of public finance and a job to do to reconcile the requirements of expansion with the impact of measures necessary to control inflationary trends.

I am, however, an incurable optimist in respect of Canada's prospects and I am encouraged in this attitude by the knowledge that over the years it is the optimist about Canada who has been right. And there is I think, one very basic reason for this, which has been operative in the past and will, I am confident, continue to be so in future. Here in Canada we have, in my opinion, a combination of circumstances unique in the world today. We still have an undeveloped frontier. There is nothing unique in that a great many countries have undeveloped frontiers. But in Canada we have this growth potential plus the social, political and institutional background of stability which makes development possible and profitable, and it is this combination of factors that provides the sure foundation for Canadian growth in the years to come.

Once more, a hearty welcome to you, our very best wishes for a most successful meeting, and please don't wait for another 87 years to come again.

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EXHIBIT C

Remarks of the President, General J. E. Hull, USA Retired before the Regional Meeting of the MCA Board of Directors October 20, 1959, at Montreal, Canada

Gentlemen, since the Manufacturing Chemists' Association includes in its membership both Canadian and United States firms, it is a genuine pleasure to come to Montreal for one of our regular meetings. We normally meet each month in New York. However, at least twice each year we hold Board meetings somewhere outside that city.

At these regional meetings it is customary to give a resumé of some of the more important activities of the Association, in order that those who are present who do not normally attend the New York meetings may better understand what the Association stands for and how it operates. Those of you who have not seen them are invited to take back with you copies of our last Annual Report and Membership List, which you will find on the table before you.

First as to organization. Its 30-man Board of Directors, each elected for three years and including representation from large, medium, and small companies, are selected generally on a geographical basis including Canada, so as to give representation to the different areas of the industry in Canada and the United States. Board members come from the highest level of management and take a very active interest in Association business. I can personally vouch for the fact that MCA is run by its Board of Directors and not by the President or any other individual official.

The great source of strength of the Association rests in its committee system. Through its 27 technical and functional committees, the Association is involved in those activities which are of industry-wide concern as distinguished from those activities which are of direct concern to an individual company or corporation. The committees are made up of experts from member companies in the various fields involved. Canadians, of course, serve on many of these committees. The Association staff serves as the coordinating agency for these various committees and furnishes the secretarial assistance required by them.

There is another type of committee which I would like to mention. That is the Chemical Industry Activity Committee, commonly referred to as CIAC. These committees are local or community committees which have been built up throughout the industry over the past three years to handle public relations and educational problems of the industry, especially those peculiar to that locality. In general this program has been quite successful. So effective has it become in some areas, such as Louisiana, that they have gone beyond the original concept and have developed a State organization similar in many respects to the Texas Chemical Council. The Texas Chemical Council was organized several years ago as a regional organization within the State of Texas to handle problems peculiar to the chemical industry in that State.

Time does not permit my covering the activities of the various technical and functional committees in any detail. However, I would like to mention a few of the things they have accomplished recently with the hope that, by my doing so, you may obtain a better picture of the operations of the Association.

Safety promotion long has been a primary activity of MCA, and since the formation of the General Safety Committee in 1945 a marked decrease has occurred in the annual frequency rate for injuries in the chemical industry. In 1946 the rate was 7.65 injuries per million man-hours worked, and in 1958 it was down to a record 2.98 rate.

Let me state this another way. In the 13 years from 1946 to 1958, inclusive, a total of 37,400 injuries was recorded for employees of MCA member companies. If the injury rate had not been reduced, but had remained at the 1946 rate, injuries would have totaled 68,796. Thus, by industry-wide diligence and gradual improvement in safety measures, injuries to more than 31,000 workers have been prevented.

The foregoing is all very satisfactory. Records for 1946 through 1958 show progressive reduction of the industry-wide frequency rate. However, since the Fall of 1958, for some reason there has been a gradual upswing in the injury rate. Since the first of the year, the rate has gradually increased until it is now 18% higher than last year.

Safety begins with management. May I make a personal appeal to each of you to investigate your safety programs and take whatever steps are appropriate to help us resume the enviable safety record of the industry.

For more than 50 years, Association research and development work has contributed greatly to the present safe methods of shipping chemicals, many of them hazardous, throughout the world. Transportation and regulatory problems are studied by the Traffic and Chemical Packaging Committees, and by the Committee on Tank Cars, Tank Trucks, and Portable Tanks, and recommendations made to the regulatory groups involved. This is important to Canadian chemical shippers, because the Canadian Board of Transport Commissioners has adopted the Interstate Commerce Commission Regulations as their standard for the safe movement of hazardous chemicals.

Work of the MCA and American Petroleum Institute representatives on one hand, and the Association of American Railroads for the rail carriers, has resulted in an interim increase in the tank-car-mileage compensation rate from 4 to 4-1/2 cents per mile, with an estimated benefit to shippers of $1 million annually. The rising cost of tank car ownership, averaging 6 cents per mile for the 1957-58 period, will lead, we believe, to further consideration by the AAR in the near future to determine if additional adjustment is warranted.

Plastic containers and combinations incorporating plastics are being given major consideration by the Packaging Committee. One goal is to develop as many nonreturnable packages as possible. A test and evaluation program on polyethylene in returnable containers also is still under way, although preliminary findings can be made available now to member firms. Earlier, a study was completed on adoption of 55-gallon tight-head steel drums having 20-gauge bodies and 18-gauge heads for reuseable service. This development will result in an estimated $8 million annual saving to the industry.

An MCA symposium last Spring on packaging and transportation of chemical products was extremely successful. So enthusiastic was the reception of the program by representatives of industry, container manufacturers, and regulatory groups attending that plans now are firm to hold similar sessions every two or three years.

The matter of air and water pollution abatement has long been of interest to the Association, and committees in both areas are among the most active. Particularly important are the regional workshops where plant personnel can discuss pollution abatement problems with panels of experts. Ten such sessions have been held to date, and others are planned in the future. Research is continuing on the subject of how a river recovers from the effects of pollution, and an MCA sponsored research program on tastes and odors in public water supplies has recently been undertaken at the Franklin Institute. Proceedings of the last Air and Water Pollution Abatement Symposium have just been published. This publication contains papers on a wide range of technical subjects. A chapter for the Air Pollution Abatement Manual on the control of odors will be issued next month -- a valuable addition to the 12 chapters previously published.

Much of the present activity of the Labels and Precautionary Information Committee is devoted to the Fifth Revision to Manual L-1 on this subject, and publication is scheduled for early next year. The principles contained in the Manual have been the basis of much regulatory legislation in the states. In addition, it is interesting to note that the Association of British Chemical Manufacturers has adopted a system very similar to that contained in the Manual. The ILO is presently working along related lines.

Standard procedures for the analysis and testing of industrial chemicals obviously is a matter of great interest to any individual company. Although this is not a primary function of the MCA, we are providing the secretariat for a project in this area being carried out by the American Society for Testing Materials. More than 100 individuals representing over 65 companies are now participating in the activity, although it was undertaken only a year ago. Involved are analysis and testing procedures for such industrial chemicals as sulfuric and nitric acids, alkalies, etc.

MCA is active in a number of programs which will lead to standardization of chemical manufacturing process equipment, for example, heat exchangers and centrifugal pumps. These activities are carried out by the Mechanical Technical Committee, which submits its recommendations to the American Standards Association.

As most of you know, MCA has sponsored for a number of years a basic research project at Carnegie Institute of Technology on the physical and thermodynamic properties of chemical compounds, with data sheets being issued to members and institutional subscribers twice each year.

Because of the increasing problems at international, national, state and local levels concerned with food additives, several additional activities in this field are now underway. The Board, at its last meeting, approved new staff arrangements for this purpose, and I am happy to report that these arrangements will permit us to be of increasing service to our members in this vital field.

As the Board Members know, the Ammonium Nitrate Technical Committee was reactivated a little more than a year ago to deal with problems of insurance, transportation, handling, and storage of this product. The expanding use of treated ammonium nitrate fertilizer in blasting and strip mining operations has resulted in additional problems at state and local levels. The explosion at Roseburg, Oregon, obviously has been a contributing factor in increasing attention on the material. Increased activities to meet these problems by the Technical Committee, supported by coordinated public relations and information work, are underway.

One of the newer activities of the Association is that of the Reactive Metals Steering Committee. Subcommittees to study and recommend solutions for problems peculiar to reactive metals and ferro-alloy segments of the chemical industry, including packaging, safety, pollution abatement, and international trade, are already in operation.

More effective liaison with the Atomic Energy Commission in the U.S. now is being undertaken by the Nuclear Committee, with the aim of achieving acceleration of the rate with which certain phases of nuclear fuel production and processing are turned over to private industry.

One of the more important specialized activities, of course, is that of the Plastics Committee. Newest development in this field is the special research investigation of plastics used in appliances which has just been started by Underwriters Laboratories. Activities specifically on plastics in building are proceeding, including educational work with architects, builders, fire protection authorities and plastics producers. An MCA sponsored research project at Southwest Research Institute on the relative fire safety of plastics as used in building is now well underway.

Matters in the field of international trade, reflecting steadily growing interest and changing conditions, have occupied much staff and committee attention. We have taken every opportunity to reiterate the Association position against sale of know-how or plants to Soviet Russia. In connection with the forthcoming GATT negotiations for compensatory concessions, exception was taken by the International Trade and Tariff Committee to announced negotiations on baskets, or broad classes of chemicals, rather than on the specific chemical or product. Members also have been alerted to legislation that would have effected reclassification of vinyl resin tile, the forthcoming Cuban negotiations, and avenues of relief from increased imports causing injury.

Because of the increasing interest of member firms in the international field, an International Operations Committee of MCA is being formed. The proposed terms of reference, or directive, for this Committee will be considered on the agenda this morning.

Good progress is being made in the Education Activities of the Association beyond those details reported in the printed report included at the September Board Meeting. I might report for our Canadian guests that 82 schools in Canada have been furnished bulk copies of the MCA educational materials, an extremely gratifying development. Should any of the Canadian companies desire detailed information on this program, I would be glad to see that it is furnished promptly.

Particularly useful to member companies, both in Canada and the U. S., in the field of industrial relations is the MCA Labor Relations Service and quarterly wage reports. This latter report was designed by the Industrial Relations Advisory Committee to provide member firms with wage information on key occupations common to the chemical industry. Our Labor Bulletin is a current source on governmental plans and policies and trends in the field of labor; as well as statistics on wages, hours, and earnings.

Major accomplishment in our continuing public relations program will be the mailing later this month of the new Chemical Industry Facts Book. I plan to send copies to each of you just as soon as they are off the press. As you know, this widely accepted reference work is used both within and outside of the industry. It will be widely distributed to industrial leaders, key Government officials, all media of communications, and others. A particularly important part of this activity is the Teachers Guide for the Facts Book, available to educators to increase its usefulness in our schools.

Since Congress adjourned more than a month ago in Washington, our legislative liaison activities obviously have not been as rushing as they are normally. Significant developments were included in the summaries issued in the Federal Legislative and the State Legislative Bulletins. These have been sent to all members in the past few weeks.

For our Canadian Members, just in case you are not familiar with it, I would like to call attention to the Information Service at MCA headquarters. In the last fiscal year it processed some 1700 inquiries for statistics, data, and information on the industry. In the quarter just ended, more than 500 queries were handled. The Service's facilities are proving increasingly useful to member companies.

I hope that this brief report has served to bring you up to date on our activities; and I particularly hope that it has served to give our Canadian guests a quick insight into some of the varied activities of our Association. Should any of you be in Washington at any time, we hope you will drop in to see us and give us the pleasure of showing you through our offices and discussing matters of mutual interest.

MANUFACTURING CHEMISTS' ASSOCIATION, INC.
TERMS OF REFERENCE - INTERNATIONAL OPERATIONS COMMITTEE
AS APPROVED BY THE BOARD OF DIRECTORS ON OCTOBER 20, 1959

1. In accordance with action taken by the Board of Directors at its September 15, 1959, meeting, and pursuant to Section 8 of Article V of the By-Laws of the Manufacturing Chemists' Association, Inc., a Committee to be known as the International Operations Committee is hereby authorized and established.

2. The members of the Committee shall be heads or other ranking executives of MCA member companies' international organizations. Any committee member may designate an alternate to represent him at those meetings and in conducting Committee business in which he cannot participate. Designation of alternates shall be subject to approval of the Committee.

3. The Committee shall have a Chairman and Vice Chairman and such other officers as may be necessary. Rules and procedures as may be required or desirable, within the framework of these Terms of Reference and the Association By-Laws and policies, may be adopted.

4. The Committee shall keep and file with the Board of Directors adequate minutes of its meetings and shall keep records of other operations which shall be available to the Board at its request. The Association shall supply a member of the staff to act as Secretary, and both the Secretary or his representative, and the General Counsel or his representative, shall attend all meetings of the Committee.

5. The Chairman and Vice Chairman are authorized and directed to maintain close liaison with the International Trade and Tariff Committee to insure against unwarranted duplication of activity.

6. The Committee is authorized to concern itself with problems generally coming within the scope of international activities of member companies such as foreign operations, foreign tariffs and related matters but distinct from domestic tariffs and related matters which come under the purview of the International Trade and Tariff Committee. Where GATT or similar negotiations are taking place between or among Governments, foreign tariffs will also be a matter of interest to the International Trade and Tariff Committee.

7. Task groups may be designated by the Chairman to handle special problems from time to time, it being understood that any such task groups will report to and act as a part of the Committee when so authorized.

8. On international problems generally the Committee shall determine how much it could or should do, whether it is appropriate that MCA consider the problem at all, whether the matter is being handled adequately by other groups and whether, if being handled by other groups, it is desirable that a chemical industry viewpoint be presented.

9. The Committee may concern itself with (a) the collection, coordination, and dissemination of information on existing and future conditions affecting the conduct of chemical manufacturing and selling operations abroad by U. S. companies or their subsidiaries and affiliates; (b) the formula-

lation of proposed public or governmental policies and procedures to be followed by the U. S. Government (both legislative and executive branches), affecting the conduct of chemical manufacturing and selling operations abroad by U. S. companies or subsidiaries and affiliates, and the advocacy of such policies; (c) the formulation of proposed public or governmental policies and procedures to be followed by foreign governments and international bodies, affecting the conduct of chemical manufacturing and selling operations abroad by U. S. companies or subsidiaries and affiliates, and the advocacy of such policies.

10. The Committee may undertake collection of statistical data pertaining to past transactions as required in connection with specific, non-routine problems, provided that any reports based upon such data shall be entirely factual in nature and free from comments, suggestions, or recommendations with respect thereto, shall be on an over-all basis without indicating the position of or data with respect to individual companies, and shall be openly and freely available to all interested persons, both within and without the Association.

11. Representations in behalf of the industry on international operations matters shall only be undertaken after consultation with MCA staff and MCA General Counsel, and where deemed appropriate the approval of the Board of Directors shall be obtained before any such representation is undertaken.

12. Except for urgent reasons requiring an exception to be made, agenda for meetings shall be prepared in advance by the Secretary and shall be approved in advance by General Counsel. Similarly, except where urgent reasons require an exception to be made, no new substantive items not on the approved agenda are to be taken up at Committee meetings.