COPPER & BRASS FABRICATORS COUNCIL, INC.*

It is the intent of this statement to be of service to the Subcommittee, by presenting comments on behalf of the domestic brass mill industry, based on its experience under the U.S. Foreign Trade Policy. The industry has been directly involved in important aspects of this policy since the enactment of the Reciprocal Trade Agreements Act of 1934. It has clearly set forth in statements to the appropriate government agencies the adverse effects of certain features of this policy, beginning with the British-American Trade Agreement in 1938. Subsequently, as the multilateral trade agreements under the General Agreement on Tariffs and Trade (GATT) were made, it continued to amplify and update these statements.

The brass mill industry uses copper in its unwrought form, together with quantities of zinc, tin, nickel and other metals, to roll, draw, extrude and otherwise form plates, sheets, rod, wire, tube and pipe of copper and its various alloys. It is distinct in its operations and markets from the copper mining and refining segments of the overall copper industry, as well as from the electrical wire and cable, foundry and other particular components of the overall industry. Its problems with respect to foreign trade may be quite different. Its products are essential, constituting the raw materials in such important industries as building, automotive, electrical, and mechanical parts, as well as being vital in the national defense. From 5% to 30% of its productive capacity for various of its products have been set-aside for defense orders during the first three quarters of 1967. Its productive capacity is ample for both commercial and defense requirements. Its total shipments in 1966 were 3.33 billion pounds. The value of its production was given in the Census of Manufacturers in 1963 as $1.54 billion; the number of its employees as 39,000. The industry has steadily increased its efficiency with substantial investment in new plant and equipment. Its workers are highly trained and well paid. The industry's products are in direct competition with similar products of aluminum, stainless steel and plastics, and the industry is under constant challenge in its production and marketing procedures to meet this competition. Brass mills are located in about 20 states.

Besides its severe domestic competition, the industry has had to meet aggressive competition from abroad. Because brass mill products, to be marketable, must conform with widely accepted standards of physical and chemical characteristics and performance, they have to be essentially identical. There are, of course, no variations of style or appearance, on which a competitive choice may be made. Price is a dominant factor. Under these circumstances, the much lower labor and related costs abroad give imports a substantial price advantage. This advantage is enhanced by the availability in this country of large markets for certain common brass mill products, established as a result of comprehensive research and promotion by the domestic industry.

On the other hand, because of this disparity between foreign labor and related costs and ours, which will be discussed further later on, our exports are now inconsequential and largely dependent on American manufacturers abroad and others who require certain of our products for their particular uses. Thus our exports have declined from 50 million pounds annually in the period immediately preceding the agreements under GATT, to between 15 and 20 million pounds now. Imports, however, have increased from negligible quantities to well over 200 million pounds. Imports, overall, now amount to seven or eight percent of the domestic production. They represent far higher percentages for particular products for which extensive markets have been created here by the domestic industry.

U.S. foreign trade policy, therefore, is playing a vital role in this industry.

*By T. E. Velfort, managing director.