

Continuous use also has been made of the authority provided by the act to guarantee loans on Government contracts for the production of weapons and other defense supplies.

These active programs remain essential to our prosecution of the war in Vietnam and our future national security.

During the Korean war, the Government used the act to support the increase in domestic production of metals and minerals and other defense-related materials and products.

During 1967 and 1968, the Office of Emergency Planning authorized a comprehensive research program covering domestic titanium-bearing ores and a sizable expansion of domestic copper production.

Rutile is the principal ore used in making titanium, the high-strength metal being used increasingly in jet aircraft. Almost all rutile used for defense purposes is imported from Australia. In November 1966 the stockpile objective for rutile was increased from 51,000 short tons to 200,000 short tons. Our current inventory is 50,000 short tons. To overcome the deficit in domestic rutile production, OEP established a domestic rutile expansion program on January 24, 1967. On June 13, 1967, the Director, Office of Emergency Planning, my predecessor, authorized the Secretary of the Interior to undertake a comprehensive research program covering domestic titanium-bearing ores. This program, to which \$525,000 has been allocated from the DPA fund, will provide (a) for expanding the current resource investigations on rutile by the Department of the Interior, (b) for evaluating the economic potential of certain U.S. columbium-bearing rutile in strategic applications, and (c) for testing the commercial use of alternate titanium-bearing materials as substitutes for rutile in the production of titanium.

Under authorization of OEP, the General Services Administration signed a contract on November 28, 1967, with Duval Corp. to bring into production a large open-pit copper mine in Pima County, Ariz. The contract was made under authority contained in Defense Production Act of 1950, pursuant to directive issued by the President on March 29, 1966, calling for a program to encourage additional domestic production of copper in the interest of national security.

GSA will advance a total of \$83 million against future deliveries of copper which will be priced, delivered to the Government, at 38 cents per pound. This is lower than prices announced by certain major producers subsequent to the recent strike settlement. In addition, GSA will guarantee a private V loan of \$48,750,000.

GSA advances will bear interest at 6 percent, and interest will be paid in cash.

The GSA contract runs through June 30, 1975, by which time Duval will have repaid the \$83 million advance through the delivery of approximately 109,000 short tons of wirebar copper.

Production will begin late in 1969 and will approximate 57,000 tons of copper in the initial 5 years and 68,000 tons per year over the next 15 years.

Although we are taking steps to increase our domestic supply of rutile and copper, this is but part of the job, for we also have the substantial task of managing the inventory of materials which the Government has acquired under previous commitments.