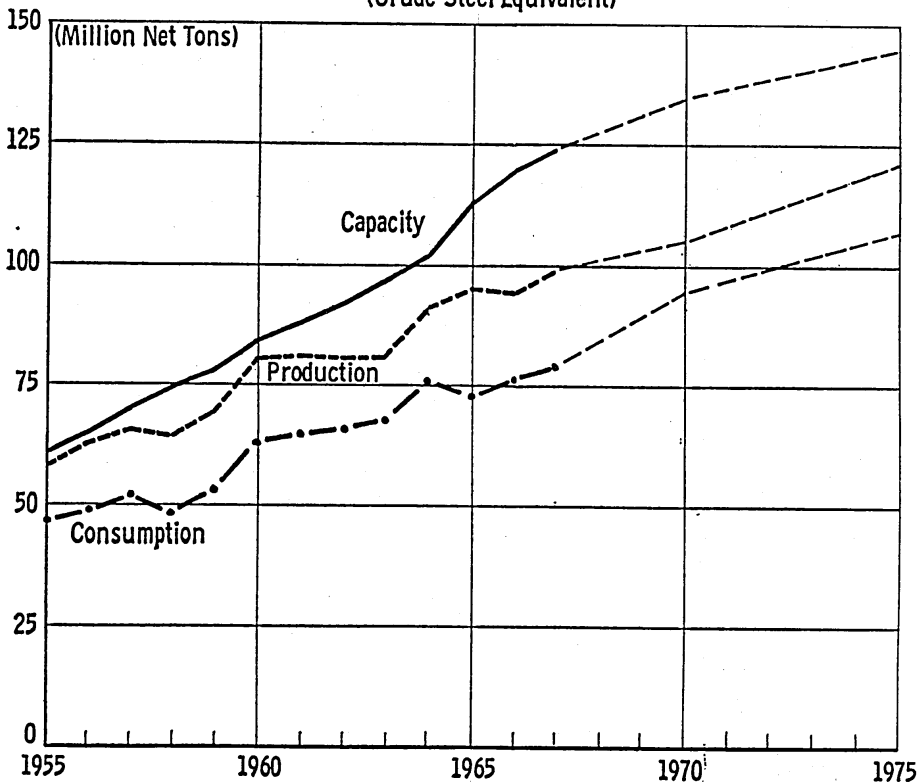


CHART 4

STEEL CAPACITY, PRODUCTION & CONSUMPTION IN ECSC
(Crude Steel Equivalent)



There is little prospect that steel export markets outside the United States will grow rapidly enough during the next 5 years or so to absorb the excess supply. Thus, the principal target for rising exports from Japan and Europe is the U.S. market.

As to costs, the Senate Finance Committee staff study noted that if steel hourly employment costs here and abroad continued to rise at the rates of increase experienced from 1960 to 1964, it would take the French 21 years, the West Germans 25 years, and the Japanese 26 years to catch up with the United States. Since world supplies of iron ore and coal are expanding rapidly, foreign producers may enjoy even lower prices for these raw materials in the future. Thus, American producers are likely to continue to be at a serious cost disadvantage. This, together with the growing supply of steel available for export from other countries, makes the continued rapid growth of steel imports into the United States a certainty unless steps are taken by the Government to prevent it.

IMPLICATIONS OF A CONTINUED RAPID RISE IN IRON AND STEEL IMPORTS

The growth of imports into the United States during the last 10 years has taken a substantial portion of the secular growth in steel consumption in this country during that period. The disparity in growth rates has been extremely large; imports have grown about 10 times as fast as consumption over the last decade. The implications are very serious. If these trends continue, they mean an inevitable decline in steel producing facilities in the United States in both relative and