

imports is endangering our national security. No one questions the need for steel in our economy and few doubt that there is a point beyond which it is unsafe to rely on supplies from abroad. We believe that point was passed in 1967 and that, in our national interest and the interests of the countries now exporting steel to the United States, the rate of growth of steel imports above recent historical levels should be limited to the rate of growth of steel requirements in our economy.

Accordingly, we respectfully request your favorable action, during this session of Congress, on the bills before you which would limit steel imports in that fashion.

Thank you.

Mr. HERLONG (presiding). Thank you, Mr. Patton. The material you requested to be placed in the record will appear here.

(The material referred to follows:)

STEEL AND THE NATIONAL SECURITY, APRIL 1968

I. SUMMARY

A. Steel and the industry which provides it are critically important to the security of the United States of America—both for the nation's military defense in time of war and for its economic strength as a world power. Almost every item of military equipment contains steel components for which no acceptable substitutes are known. The civilian economy's ability to equip and move military forces and to maintain a high level of civilian activities is equally dependent upon steel in myriad forms. What the President's Materials Policy Commission said in 1952 remains equally true today:

"The Nation must maintain a strong and expanding economy with a large and diversified materials base that can be tapped for war production, with special attention to providing prime essentials such as steel, electricity, petroleum, and aluminum whose expansion takes considerable time and whose production sets the pace not only for economic growth, but also for production in wartime."

B. Since 1957, imports of steel have been rising at an annual growth rate of 26 percent and have taken the lion's share of the growth of the domestic market. Over the past decade, imports of steel into the United States have increased to the point where, in 1967, they exceeded 12 percent of total consumption. A projection at only half of the historical rate of increase puts imports at 17 million tons per year by 1970. On the same basis, by 1975 imports, if unimpeded, would reach 30 million tons per year, which—in view of reasonable expectations about steel consumption—implies that normal levels of steel shipments by *domestic producers* in 1975 would be lower than actual shipments in either 1965 or 1966. If these conditions should come to pass, the resulting stagnation of the domestic steel industry would have weakened its ability to serve the nation in times of crisis.

The importance of a strong domestic steel industry to national security is recognized by all first-class military and economic powers throughout the world. Except for the United States, there is no major country or economic unit (including the USSR, Japan, the European Common Market, and the United Kingdom) which today imports from other areas much more than 5 percent of its total steel supply. Through 1958, this statement was equally true for the United States.

C. The Office of Emergency Planning has calculated that in event of a conventional non-nuclear war in the next decade, some 9 million tons of finished steel product annually would be required for direct defense. At the same time, we would lose the ability to import steel from countries other than Canada and Mexico—a loss which, as projected, might amount to 16 million net tons in 1970 and 29 million net tons in 1975.

A normal level of steel consumption in a year around 1975 is expected to be 115 million product tons. During a general non-nuclear war, current Office of Emergency Planning studies indicate that direct and indirect military needs would raise steel requirements by at least 20 percent above a normal peacetime level. Thus, during an emergency period in the mid-1970's, domestic steel consumption would be about 140 million tons. This level of requirement would be roughly 30 million tons higher than the domestic industry's current all-out pro-