ductive capability of about 110 million tons. Even assuming that facilities projects already committed and under way may add another 5–10 million tons by the early 1970's, a continued rapid rise in imports would pose the question of whether even that increase could be justified economically.

Under the war conditions assumed by the Office of Emergency Planning, noncontiguous imports of about 30 million tons would not be available to the United States. Thus, if these conditions arose in the mid-1970's, there would be a short fall of some 20 million tons.

In the early 1970's steel consumption during an emergency would be only 5-10 million tons lower than that expected in 1975. Thus, only a few years in the future, the demand for steel under conditions of an anticipated national emergency could exceed the domestic industry's capacity at that time, including expansion now under way, by some 10-15 million tons. The domestic steel industry cannot financially justify the investment of the billions of dollars necessary to build facilities for the replacement of imports in an emergency, over and above the requirements for direct defense, if these facilities are to stand idle except under emergency conditions. Therefore, unless the mounting invasion of steel imports is brought under control, it is quite likely that neither the domestic steel facilities nor the qualified personnel to operate them will be available in an emergency in the mid-1970's to make good the loss of the 30 million tons of domestic steel requirements that would, by then, be dependent upon imports.

D. Since it takes from three to five years to plan, construct, and bring onstream a major steelmaking facility, it is evident that the planning must begin immediately for the facilities that will be required in the crucial mid-1970's. To proceed with the planning, steel companies must have a reasonable expectation that at the time a plant is completed and ready to operate, there will be a market for its products under peacetime conditions. If the domestic steel companies cannot be sure that producing steel in this country will be profitable in terms of the necessary investment, they will either have to invest in foreign plants or reduce future investment in steel facilities and seek alternate uses of their funds. Either alternative could reduce employment and production in the U.S., have a depressing effect on the balance of payments, and threaten our national security.

E. The balance of payments in steel trade, excluding transportation costs, has moved from an annual *surplus* of $645 million in 1955–57 to a *deficit* of $877 million in 1967. The deterioration in the balance of payments attributable to steel trade over this period was $1.5 billion. Furthermore, if import trends continue as projected, the cumulative dollar outflow in direct steel trade from 1968 through 1975 would total $15.5 billion.

II. THE GROWTH OF STEEL IMPORTS—PAST, PRESENT, AND FUTURE

The flow of imported steel mill products into the United States market is a phenomenon of relatively recent origins. In 1950, the United States produced 47 percent of the world's raw steel and, as the world's largest producer, was a substantial net exporter of steel. U.S. production increased by 31 percent between 1950 and 1967. However, foreign steel output rose so dramatically during that period that the U.S. share of world steel production dropped to 23 percent. By comparison, Japan's share of world steel output over the same 17 years grew from 2½ percent to 13 percent.

Since the late 1950's, the tonnage growth of imported steel mill products into this country has sharply increased. In 1957, approximately 1.2 million tons reached our shores; by 1963, the figure had risen to 5.4 million; and in the next three years, it doubled again to 10.8 million. In 1967, imports of steel mill products rose to nearly 11.5 million tons. Between 1957 and 1967 imports have grown at a compound annual rate of 26 percent.

	Net tons (in millions)		*Net tons (in millions)*
1957	1.15	1963	5.45
1958	1.71	1964	6.44
1959	4.40	1965	10.38
1960	3.36	1966	10.75
1961	3.16	1967	11.45
1962	4.10		

While the import penetration of the United States market varies by product and by region, there is no important product line or market area which is now immune from imports. They enter through virtually every major port—Great