

Mr. BURKE. The next witness is Mr. Robert L. Phelps.

**STATEMENT OF ROBERT L. PHELPS, IN BEHALF OF NORTHWEST
INDEPENDENT STEEL MILLS**

Mr. PHELPS. My name is Robert L. Phelps. I am connected with the Northwest Steel Rolling Mills in Seattle, Wash. We are a small mill. It is one of the eight independent mills in the Western States. Northwest Steel is a small business with approximately 250 employees and has operated in Seattle since 1926.

I will read these other mills that we represent, that we are speaking in behalf of, and then from that I think I will get away from the text and answer some questions.

Mr. BURKE. If you wish to summarize you may, and then your entire statement will appear in the record following your oral statement.

Mr. PHELPS. Thank you, sir. Those other independent mills are similar to all cold metal mills. One is located in Arizona, five in California, and one in Oregon. They are all listed in this text.

We are a hundred percent scrap mill. This is our prime raw material. Our prime raw material is old auto bodies, of which there are about 50 million tons in inventory in the United States and there are about 10 million tons of old discarded washing machines and stoves, et cetera.

It is our type of mill, sometimes called a scavenger mill, that uses this material. That is all we use. We don't use any of this ore that they are talking about. We are a small electric furnace operation, anywhere from 50 to 250,000 tons a year, and there are over 100 of us in Mississippi, Texas, all over the West, all over the East.

I think that there is an important factor here that these mills do get rid of this eyesore and does work along with this Highway Beautification Act of 1965. I don't know what would happen to all this stuff if we didn't use it because the scrap market is extremely depressed now. It is the lowest it has been in years.

The Japanese are not buying scrap in the tonnages that they were. They are buying ore—as the gentleman who preceded me said—some from Australia, some from the United States. They are going to get some coal out of Canada and I understand they are also exploring some deposits in Red China and in Russia.

So this scrap is our prime product. It is going to build up. There is an increase in the market every year of approximately 5 million tons of auto bodies. What have we done about this?

Our small mills have gotten together occasionally to see what could be done regarding the laws that are in effect. It was very interesting to hear Mr. Curtis' remarks this morning. We have done something about this. One of the things we did was have an attorney from Olympia, Wash., prepare a study on the nine cartels that are in operation that fix prices and quantities of steel that are sold in the United States by Japan; fix prices and quantities of scrap that they buy from the United States for Japan.

I have been told by this man, Mr. Collier, that any foreign country doing business in the United States must abide by the laws of the United States. These people aren't doing this. I have turned this study over to Senator Hart of the Antitrust Subcommittee and they are, I understand, going to have hearings on this.