operate at a substantially curtailed level of production. The injury to these mills, their employees and the economy of the area they serve is obvious.

STEEL IS BEING OVERPRODUCED THROUGHOUT THE WORLD, EXCEPT IN THE UNITED STATES

We believe there is no question that steel is being overproduced in all nations except the United States and perhaps the communist countries.

The Committee on Finance of the United States Senate, in its 1967 report on steel imports, found that:

> "(3) World steel capacity on January 1, 1966, has been estimated as 590 to 600 million tons (MT) compared to world output in 1966 of 520 MT, leaving a surplus capacity of 70–80 MT. An official estimate of the ECSC published in June 1967 projects annual increases of 33 MT in world capacity to 1970. This study estimates increases in world demand of only 20–25 MT, indicating a progressive aggravation of the world steel surplus problem.
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> "(4) Because the U.S. steel industry promptly adjusts output to orders and in the Communist countries output and capacity are about equal, the rest of the free world has a surplus capacity of some 45–55 MT."

NOTICE MUST BE GIVEN TO JAPAN AND THE OTHER NATIONS NOW THAT THEY CANNOT OVEREXPAND AND EXPORT THEIR EXCESS PRODUCTION TO THE UNITED STATES. DELAY IN ADOPTING REGIONAL QUOTA LEGISLATION WILL INJURE OUR WESTERN MILLS AND COULD BE FINANCIALLY DISASTROUS TO THESE NATIONS AND THE UNITED STATES

Japan presently exports about 75% of its steel production. 50% in the form of sheets, plates, pipe, structurals, reinforcing bar, etc. Another 25% is exported in the form of products using steel such as cars and ships. Japan's steel industry has major expansion plans. We estimate that by 1975 Japan will have excess capacity of 40 million tons over its domestic needs which it will try to place on the export market. Total U.S. imports in 1967 was approximately 11.5 million tons.

The principal market for Japan's excess capacity will be the United States. Many of Japan's present markets are smaller nations which are establishing steel production facilities of their own. Virtually all of these nations place import restrictions on the steel products they produce domestically. This will soon reduce or eliminate their requirements for import steel. As Japan loses these numerous smaller markets it will of necessity increase efforts to export steel into the United States. Unless effective regional quota legislation is adopted, the mills located in the western United States will be the ones most injured by these increased exports.

Effective regional quota legislation is necessary *now!* Such quotas would enable the Japanese and other foreign producers to continue to participate in this market and in its growth. The foreign producers would know how to plan their own *orderly* future expansion. Failure to adopt such legislation will permit these foreign producers to continue to believe that they can over expand their production and export their excess production into the United States market, at dump prices if necessary. If not enacted now, such legislation will surely be enacted in a few years when the import situation becomes even more critical. If this occurs after the foreign producers have over expanded, the results could be financial disaster. This is especially true in countries such as Germany, France, Italy and Japan where the steel industry's ratio of debt to assets was 60, 65, 73 and 69 percent, respectively, in 1965. In the United States the same debt to asset ratio was 34 percent in 1965.

There is considerable pressure upon the Japanese steel producers to increase exports. In the Japan Metal Trade Bulletin of January 11, 1968, it was stated that the Japanese Steel Industry was being advised by the M.I.T.I. that failure to export ten percent more tonnage in 1968 than in 1967 would result in a penalty of $28.00 a ton and curtailment of their coke and coal supply.

OUR NATIONAL DEFENSE IS THREATENED BY INCREASING IMPORTS

The security of this country is threatened by the increasing importation of steel. We believe that the defense of the United States will be seriously impaired if imports are allowed to take a larger and larger share of the market as they have in recent years. In time of war or other national emergency we must rely upon our domestic industries for the goods necessary to defend our country. It