goes without saying, that an industry which has been weakened and stagnated by excessive imports, may not be able to meet our defense needs.

There is evidence that our national defense effort has already been seriously impaired by the present rapidly expanding importation of steel. I was recently advised that the military was unable to purchase barbed wire for use in Viet Nam in the quantities required and within the time desired. The cause of the *shortage* and *delay* was that the principal producers of barbed wire in this country had shut down their plants and/or reduced production of barbed wire because they could not compete with barbed wire imported from Japan.

DOMESTIC EMPLOYMENT IS ADVERSELY AFFECTED BY INCREASING IMPORTS

The adverse effect upon employment by the rapidly expanding and excessive importation of steel into the United States will undoubtedly be pointed out by representatives of labor. At Northwest Steel employment would be increased by approximately 40 percent if previously made plans to enlarge and modernize its fabrication shop and operate the blooming and finishing mills at more than one shift could be put into effect. The principal reason for not doing so is the excessive amount of steel imported into our marketing area.

OUR BALANCE OF PAYMENTS IS ADVERSELY AFFECTED BY INCREASING IMPORTS

The adverse effect of excessive importation of steel upon our country's balance of payments is obvious and does not require further discussion.

IT IS OUR NATIONAL POLICY TO PROMOTE THE EXISTENCE OF MANY COMPETITIVE UNITS IN AN INDUSTRY

Our national policy, as evidenced by the anti-trust and other laws, is to promote the existence of many competitive units in a given industry. Allowing a continuation of the present import situation can lead only to stagnation of domestic steel production and a reduction in the number of independent mills, especially in the coastal areas, contrary to our national policy.

SCRAP STEEL CONSUMPTION IS ADVERSELY AFFECTED BY INCREASED IMPORTS

Mills such as Northwest Steel are called scavenger mills in that scrap is our sole raw material source. Japan, once a large user of scrap, now produces steel primarily from ore. This change by Japan and the lower production levels of domestic independent mills because of increasing imports has depressed the scrap market. There is just too much scrap in this country. The National Highway Beautification Program would be assisted greatly by the adoption of regional quota legislation. Domestic production would increase and utilize many of those old car bodies that are an eyesore in junk yards along our nation's highways.

IMPORTED STEEL HAS TOO MANY COMPETITIVE ADVANTAGES

Foreign steel producers have enjoyed many competitive advantages in addition to the lower labor and other costs of production. These advantages include:

(a) Freedom from local personal property taxation until actually used. In the State of Washington, an unbroken bundle of steel from Northwest Steel in a distributor's warehouse is taxed by the state. A similar unbroken bundle of imported steel in the same distributor's warehouse at the same time is not so taxed.

(b) The ability to dump their product in the United States. The dumping of foreign steel into this country will not be stopped unless it can be established that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of such dumping. The proof of such injury is difficult when the dumping is by different countries at different times or as in the case of Japan, the fact of dumping is difficult if not impossible to prove because of price collusion between the Japanese steel cartels.

Dumping by foreign producers is a real problem to the independent mill. We have been and are being subjected to competition from foreign producers dumping in our market area. In 1964 the Tariff Commission for the first time in the history of the act found both dumping and injury in a case involving steel. The dumping was by a Canadian mill into Washington and Oregon. There is presently before the Commission of Customs a claim of dumping by Australian producers into the northwest. The cost to the independent mills of prosecuting these cases is most burdensome.

As previously indicated, the Japanese steel industry has been 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

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