ESSENTIALITY OF THE FERROALLOY INDUSTRY

In 1964, the OEP found "that the ferroalloy industry is an essential part of our mobilization base." This is because conventional and stainless steels, sophisticated alloys, and many forms of aluminum and nonferrous products could not be produced without one or more of the ferroalloy products in question. And in wartime, these products are in greatly increased demand, as demonstrated in World War II, Korea, and more recently, in Vietnam.

One think we have learned in the pursuit of our objectives in Vietnam is that heavy steel weaponry is by no means outmoded by the advent of nuclear warheads and that conventional and sophisticated military hardware requiring conventionl and sophisticated steel is by no means obsolete. Indeed, the Defense Department is currently signifying its interest in this regard by designating certain ferroalloy plants as part of the industrial defense program.

In May 1963, this industry asked the OEP for relief under section 232 of the Trade Expansion Act of 1962. This application was denied in July 1964 on the ground that there was not at that time a sufficient impairment of national security.

However, conditions have further deteriorated since that time, and we feel that prompt action to control imports is the only way to prevent a drastic weakening of our industry and its mobilization base.

INCREASE IN IMPORTS

Imports of manganese ferroalloys have almost doubled since 1964 and imports of chromium ferroalloys have gone up 2½ times during that period. Moreover, by 1967, imports of the large volume ferroalloy products had captured alarming percentages of the U.S. available market; for example:

High-carbon ferromanganese—42 percent of the U.S. noncaptive market.

Medium- and low-carbon ferromanganese—26 percent of total U.S. market.

Silicomanganese—25 percent of total U.S. market.

Low-Carbon ferrochromium—31.5 percent of total U.S. market.

Imports of 75 percent ferrosilicon, the most widely used grade of silicon in world markets, jumped from almost nothing in 1961 to an estimated 31 million pounds in 1967, accounting for about 14.7 percent of the domestic market. (Exhibits A–1 through A–3 attached to my prepared statement show these figures in detail.)

Significantly, the bulk of these ferroalloy imports come from foreign facilities which in great measure were built in the interests of supplying our U.S. national stockpile requirements during the 1950–1961 period. In other words, with the foreign producers having expanded their ferroalloy capabilities far beyond their own domestic requirements—thanks largely to this U.S. encouragement—they came inevitably to look upon the U.S. marketplace as a dumping ground for their excess capacities.

DEPRESSED PRICE LEVELS

Overseas producers have a significant cost advantage over domestic ferroalloy producers in several areas. As a result, domestic prices