

position or background paper on the subject of wire rod imports and the President's Trade Expansion Act of 1968 which we now offer for the written record.

My company, Wire Sales Co., like other members of the Independent Wire Drawers Association, is a consumer of hot rolled carbon steel wire rod—a semifinished steel mill product. This wire rod is manufactured into wire by us by drawing it through a series of dies which reduces the diameter of the rod while increasing its length. Thus, the description term "wire drawer."

The term "independent" is used to indicate these firms are not subsidiaries, divisions, or captives of the major steel corporations. We are "nonintegrated" in the sense that we do not possess basic steelmaking capacity.

Most members of our association also fabricate some wire products in addition to drawing wire. A wire fabricator manufactures a finished wire product from the wire, producing such things as nails, barbed wire, woven fence wire, and welded wire concrete reinforcing mesh.

I am here today primarily to tell you that imported wire rod has been the economic salvation of the independent wire drawers for the past 12 years. Big steel has consistently applied single and double price squeezes to the independents in the past. The details of these price squeezes is outlined in our position paper.

There have been times when major domestic steel mills refused to sell wire rod to Wire Sales Co. If it weren't for the availability of imported wire rod, my company would not be in business today.

The situation is no better now. While American mills are in some instances virtually offering to meet import prices on rods, they are on the other hand, totally unable to give delivery on wire rods even to the extent of 10 to 20 percent of our needs or requirements. So the price offer is really a false token and is not a valid one, and not of very much use.

There has been and still is, a very tight competitive market on wire rods. Within the last 3 months American mills have all increased their rod prices in spite of President Johnson's requests to the contrary. They have done this by increasing quality extras and the size extras. This is not a base change, although there actually was an additional \$3-per-ton increase in the base price of rods.

The result has been a definite increase in costs as far as independent wire drawers are concerned. Meanwhile, the domestic steel mills maintained, and in some instances, definitely reduced the price of finished wire products—another double price squeeze for us.

My company does a fair amount of defense contract work. While we use American-produced rods for all our Government contracts, we have a great deal of difficulty in obtaining enough wire rods from American mills to even meet our Government commitments. This is indeed a regrettable situation. The domestic mills cannot possibly supply the balance of our rod requirements.

Yet, the domestic steel industry continues to complain about steel imports and seeks congressional approval of a steel import quota which would restrict wire rod imports. Without wire rod imports today, most independent wire drawers could not operate. A free market in wire rod is essential to the economic survival of independent wire