If an import quota, a border tax or a tariff surcharge is imposed on imported wire rod it will definitely result in a drastic increase in the total overall cost of wire rods to all of the independent wire drawers throughout America. In some instances it would literally threaten to put them out of business, and in most cases it would create a very definite hardship. The American mills simply cannot supply the present demand for rods.

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 drawers.

Wire rod is a raw material, the same as iron ore. Last year, 36.8% of all iron ore consumed by the domestic integrated steel mills was imported. The independent wire drawers believe the open-door policy should be maintained on wire rods just as it is on iron ore.

The Independent Wire Drawers Association is opposed to import quotas or border taxes or any tariff surcharges on imported wire rod. As a matter of general policy the Independent Wire Drawers Association favors the enactment of the President's Proposed Trade Expansion Act of 1968, with one suggested amendment which is discussed in Part IV of this Position Paper.

IV. DURING THE KENNEDY ROUND THE UNITED STATES REDUCED TARIFFS ON FINISHED WIRE AND WIRE PRODUCTS A FULL 50 PERCENT BUT DID NOT REDUCE THE U.S. DUTY ON WIRE ROD, THIS INEQUITY SHOULD BE CORRECTED UNDER THE TRADE EXPANSION ACT OF 1968 BY AUTHORIZING THE PRESIDENT TO ELIMINATE DUTIES WHICH ARE 5 PERCENT OR LESS

The Trade Expansion Act of 1962 authorized the President to completely eliminate duties on articles with an *ad valorem* or an *ad valorem* equivalent duty of 5 perecnt or less.[1] The Independent Wire Drawers Association and steel importer groups petitioned the Tariff Commission and the Trade Information Committee to place wire rod, an important industrial raw material, on the duty free list.

Instead, in an effort to harmonize U.S. and E.E.C. steel tariffs, the U.S. trade negotiators slashed U.S. duties on wire and wire products a full 50 percent and made no change in wire rod duties. This is particularly unfortunate, since U.S. independent wire drawers face severe competition from imported fabricated wire products, particularly welded wire concrete reinforcing mesh. The duty on welded wire concrete reinforcing mesh (TSUS Item No. 642.80) was reduced from 19 percent ad valorem to 9.5 percent ad valorem during the Kennedy Round.

As an alternative to placing wire rod on the duty free list, the Independent Wire Drawers Association and steel importer groups urged a single duty for wire rod, since the price of wire rod generally varies at just about 4¢ a lb. or $88.00 per metric ton, the breaking point for customs duty. Thus, the indepedent wire drawer is never quite sure what duty will be applicable. This is a matter of great inconvenience to steel importers and independent wire drawers and tends to create uncertainties in the trade.

It was unfair to the U.S. independent wire drawers to reduce the U.S. customs duties on competing fabricated wire end products a full 50 percent and not have reduced the duties on his basic imported raw material—wire rod. In all fairness to the U.S. independent wire drawer, the small duty on wire rod should be completely eliminated. Unfortunately, this cannot be accomplished under the proposed Trade Expansion Act of 1968. Therefore, we recommend that the Congress give serious consideration to authorizing the President to completely eliminate U.S. duties as part of a reciprocal trade arrangement where the duty involved is 5 percent *ad valorem* or *ad valorem* equivalent or less as was done in Section 202 of the Trade Expansion Act of 1962.

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[1] The U.S. tariff treatment of wire rod is as follows: Wire rods of iron or steel; other than alloy iron or steel; not tempered, not treated, and not partly manufactured:

TSUS Item No.		*Cents per pound*
608.70	00 Valued not over 4 cents per pound	1
608.71	00 Valued over 4 cents per pound	25

On an average, the *ad valorem* equivalent of these two specific duties is approximately 5 percent.