root cause lay with the flood of low-priced foreign wire and then later of rod products is clear.

It is a matter of record that during the late 1950's and early 1960's we elected to continue to sell our wire rod availability at profitable levels in remaining end use markets, since the extremely low-priced foreign small diameter rods rapidly captured the independent wire drawer rod market. Our sale of small diameter rods for redrawing had been reduced almost to zero by 1965. Faced with the alternative of discontinuing this product line and the operations of the related production facilities or attempting to meet import prices, we elected to do the latter for this specification of rod with individual rod users for specific periods. Since 1966 our wire rod mills have operated generally at a high level, but this incremental business has provided an inadequate return by itself and, obviously the procedure cannot be extended on all products.

At no time did U.S. Steel indicate its intention or capability to entirely supplant imported wire rods. To the extent we have been able to negotiate supply contracts with customers that purchase foreign rod, delivery performance has been satisfactory with the exception of the most recent period during which unexpected production mill outages reduced availability at a time when there was abnormally high demand for rods due to strike hedge buying.

A comprehensive study by the Senate Finance Committee staff showed that integrated steel companies, for the economic reasons similar to those that plagued the independent wire drawers, have discontinued operations at certain plants because of the lack of profitable business which was created in large measure by the great influx of foreign wire rod and fabricated wire products as shown in the attached exhibit. The adverse effect of low-priced wire rod and fabricated wire products on the domestic steel industry is graphically described by the Staff Study of the Committee on Finance of the Unitde States Senate of December 19, 1967, where at Page 243 it details the serious impact:

"LIST OF FACILITIES CLOSED DUE TO IMPORTS

"Jones & Laughlin: Barbed wire and woven wire fence (February, 1965); nails (Aliquippa, March, 1966).

"Armco: Barbed wire and fence (Houston, 1963)

"Pittsburgh Steel: Merchant Trade Products Division (1959); remaining rod and wire operations (Monessen, June, 1966).

"Colorado Fuel & Iron: Steelmaking facilities and hot mills for blooms, billets and rods (Buffalo, N.Y., 1963).

"United States Steel: Steelmaking and finishing facilities of Donora plant. In this case, however, imports were not the only reason for closing the plant—others include shifting markets, high costs of the mill, and air pollution (over a period of years 1961–64)."

This certainly shows the end result of massive importation of an individual mill product: gradually reduced domestic availability caused by the abandonment of production facilities and attendant loss of employment opportunities.

Mr. Muntwyler asserts that there have been times when major domestic steel mills refused to sell wire rod to Wire Sales Company. United States Steel has traditionally sold large quantities of semifinished products and other basic steel products to nonintegrated companies. We necessarily look to a strong and healthy nonintegrated steel manufacturing industry as a market for our products. We certainly have no attitude or general policy of refusing to sell available rod production to any class of buyer.

In conclusion, it should be evident that if imports of wire rods and wire and wire products continue to increase the United States would become virtually dependent upon imports,. Under the steel quota bill neither the Independent Wire Drawers Association nor any other group served by imports would be harmed by quotas based on recent import levels. Imports also would have the opportunity to compete for any growth of the domestic market. The independent wire drawers would be protected against unlimited quantities of low-cost foreign wire and wire products which they now are faced with in the market place. The position paper of the Independent Wire Drawers Association, submitted to the Ways and Means Committee June 18, 1968, points out their similar concern for the adverse effect of imported wire and wire product competition.

"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. inde-