

some \$750 million worth of iron ore pellets over a period of 10 years starting in 1970.

The choice presently open to the Japanese steel mills is to supply their needs for these pellets from mines to be developed either in Arizona or in Australia.

As a result, any import restriction on Japanese steel would foreclose this possibility for the export of Arizona products to Japan. Thus in the example I have given the results for our balance of payments would be a double loss, about \$750 million for favorable export loss directly and additionally large sums debited against our balance-of-payments as a result of the transfer of American sales to Australian mines.

Import restrictions if adopted would have a long-term adverse effect in limiting assisting U.S. export trade and the choking of the possibility of expanding the trade.

I summarize as follows: What steel import quotas will mean. First, upset our balance of trade. Two, cause further damage to the scrap industry. Three, adversely affect national defense. Four, stimulate inflationary trends. Five, accentuate the solid waste problem. Six, reproduce unemployment especially among the unskilled and semi-skilled who make up a large part of our labor force. Cut back the highway beautification program. Damage the domestic steel industry.

Information supporting each of these points is included in the prepared statement.

In conclusion I ask the members of this committee to remember that imported steel is partly an American product made from the scrap we export.

Thank you.

(Mr. Neu's prepared statement follows:)

STATEMENT OF HUGO NEU, CHAIRMAN, SCRAP INDUSTRY TRADE POLICY COUNCIL

Mr. Chairman and members of the committee, my name is Hugo Neu. I am president of the Hugo Neu Corporation of 45 Nassau Street, New York City, which is owned by myself and my family. The main activity of our company and its subsidiaries is the export of steel scrap, international trade in scrap and ore, and the shipping of ore. Our company has engaged in this world trade for 20 years and I have been in the business for 47 years.

I am appearing before you as Chairman of the Scrap Industry Trade Policy Council, which speaks for those firms in the United States that export iron and steel scrap plus some 300 iron and steel scrap processors who, because of the depression in the industry, have to rely on exports to continue in business. A list of the members of our executive committee, representing firms across the country, is attached.

Our general purpose in testifying today is to oppose any unilateral restrictions on trade between nations and to support the "Trade Expansion Act of 1968," submitted to the Congress by President Johnson on May 18, 1968.

Because of our personal knowledge and experience in the international iron and steel scrap trade, we will limit our remarks today to the specific legislative proposals for quotas or ceilings on the import of iron and steel products.

We are opposed to these quota proposals—on steel or any other products being imported into the United States.

They would have disastrous implications for our industry, which last year contributed 245.3 million dollars on the plus side of our ledger in the balance of payments through scrap exports to foreign steel mills. They would ignore the fact that the imported steel is in great part an American product, made from scrap produced by our industry within the United States.