WIRE MANUFACTURER DEFENDS FREE FLOW OF IMPORTED STEEL

(By Robert A. Wright)

Without foreign steel, smaller United States manufacturers would not have been able to maintain full operations this year, according to one independent steel executive.

Norman M. Geller, vice president of the Republic Wire Corporation of Carteret, N.J., challenged in an interview the position of the American steel industry on imports.

Mr. Geller said the imposition of quotas on foreign steel such as is sought by the United States producers would be "quite injurious" to small manufacturers.

About two years ago, Mr. Geller said, his company, which fabricates wire from rolled steel rod, was told by the United States Steel Corporation that it would supply Republic Wire with rods at prices competitive with imports. Mr. Geller said United States Steel agreed to supply Republic with 700 to 800 tons of steel rod a month.

ALLOCATIONS NOTED

But, Mr. Geller said, when demand for steel soared this year, U.S. Steel began allocating its shipments to Republic Wire and steadily cut back the size of the shipment. "We were cut this month to 500 tons and are cut to 90 tons July 1," Mr. Geller said.

"They didn't treat us like customers. They looked to us as if we were enemies. When United States producers tell us they don't have supplies, there is very little we can do but turn to imports."

The sharp increase in steel demand so far this year was caused by a rush by steel users to build up inventories to assure themselves adequate supplies in the event of a steel strike later this year. Labor contracts for the major American steel producers expire August 1.

The flow of imported steel jumped dramatically to meet the clamor for supplies, rising 40 per cent from the 1967 level in the first three months of this year.

A similar import pattern has been established in each prestrike period since 1959 when the United States industry was struck for 119 days and imports made their first big dent in the American market. From less than 2 per cent of this nation's steel consumption in 1959, foreign steel rose last year to 12 per cent. Foreign steel producers held their new American market after each labor settlement.

Imports are expected to take up to 15 per cent of the nation's market this year, a level that the United States industry asserts threatens its future growth and the national security.

The American steel-producing industry contends that the import competition is unfair because foreign producers have sharply lower wage rates, are subsidized by their governments to export and are protected by tariffs and non-tariff trade barriers.

CHICAGO, ILL., *July 8, 1968.*

HON. WILBUR D. MILLS,
Ways and Means Committee,
House of Representatives,
Washington, D.C.

DEAR MR. MILLS: I write as a concerned executive in the steel industry who recognizes, based on 23 years experience in dealing with steel imports and exports, that the imposition of a quota system or for that matter even an increase in tariff would do irreparable harm and injury to the economy of our country.

Clearly it would induce reciprocal restrictions by friendly countries with whom we engage in trade which can only lead to a diminution of our exports. Since our exports exceed our imports, and since it is in our national interest to accelerate rather than reduce the volume of our foreign trade, it is incredible to me that serious consideration is being given to restrictive legislation. We must learn from history. We cannot ignore our past experience in which legislation of a comparable restrictive nature contributed in large measure to a major financial crisis of world-wide proportions.

A quota system or an increase in tariffs would clearly negate progress made in the Kennedy-Round; it would assist in undoing price stability contributed to by the competition provided by imports; it would diminish rather than stimulate