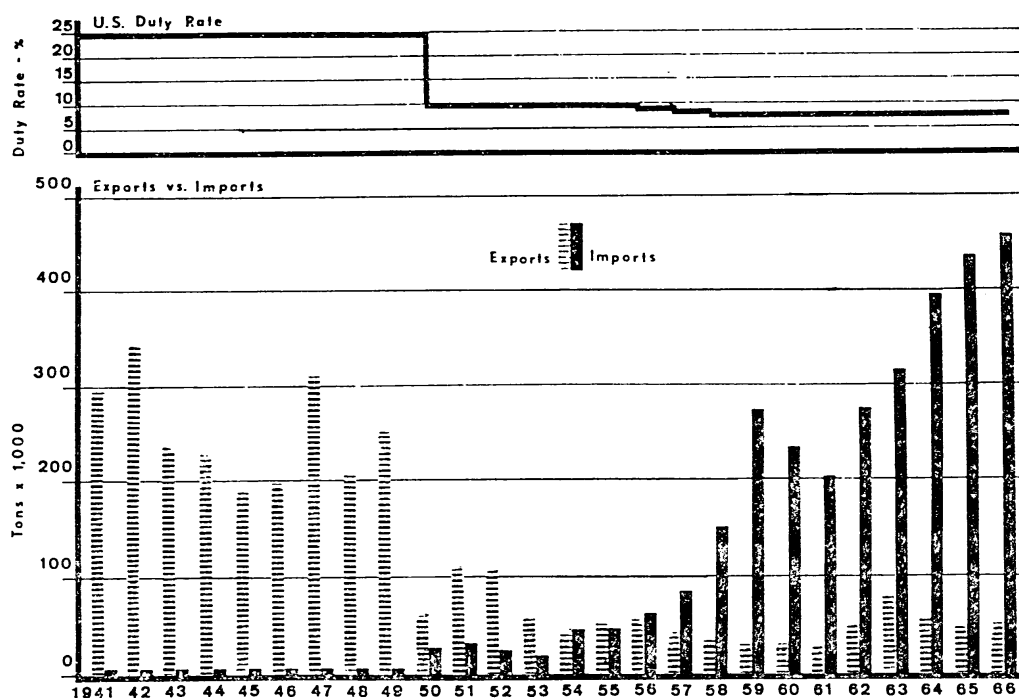


## FOREIGN TRADE TRENDS - Drawn Steel Wire



Let us look at a graphic picture of what has happened to steel wire during the past quarter century. It has been necessary to use statistics covering the broad category of "drawn steel wire" since no data are available covering solely the fine and specialty wire field. These graphs were plotted using data from the publication "Foreign Trade Trends" by the American Iron and Steel Institute. Of necessity, this graph was plotted without 1967 figures which were not available at the time it was drawn. The dotted bars show what has happened to the volume of American exports of this product. The solid bars show the very dramatic growth of imported wire.

Also plotted on this same graph is the United States tariff or rate of duty on wire valued at over 6¢ per lb. There are several tariff categories for steel wire, but this one would most fairly represent the bulk of fine and specialty wires about which we are concerned. Under the Tariff Act of 1930 the statutory rate was 25%. On April 30, 1950 the first General Agreement on Tariffs and Trade (GATT) reduced the rate to 10%. Three reductions of ½% each became effective later with the current 8½% rate starting June 30, 1958. No further reduction resulted from the recent Kennedy Round of negotiations, since the rate was already abnormally low.

In the year 1950, when the major drop in rate of duty first went into effect—even if only for 8 months—the tonnage of imported wire increased nearly six fold to a new all time high of nearly 26,000 tons. Interestingly enough, in that same year exports of wire decreased from 252,000 to 60,000 tons a drop of better than 4 to 1. It can hardly be coincidence that the decrease in duty, the decline in exports, and the jump in imports occurred simultaneously. Not only was the domestic American market being invaded, but what had been a thriving export business was being eroded by these same foreign producers who were not hobbled by high wages nor bound by antitrust laws, Fair Labor Standards Act, etc., which are an accepted part of doing business in the United States.

Now please direct your attention to the very startling developments during the last ten years. Exports of steel wire have remained practically stagnant since 1956 and in fact, were trending ever downward until some small spark was injected by A.I.D. programs in 1962-1963. However, even that small spark has apparently been extinguished as the last three years have been at the 1956 level.

The import line, however, shows a very dramatic and steady climb toward the top of the chart. The 1966 imports of steel wire were 750% of those in 1956—or specifically 458,000 tons compared with 61,000 tons a very substantial 40,000 ton per year increase. For 1967 we have just been given an estimate of 575,000 tons