

1.75¢ per pound). At the conclusion of the 60-day period, as provided in the Trade Agreements Act, the President advised the Chairman of the Senate Finance Committee that he was "suspending consideration" of the Commission's recommendations. The President further stated that a final decision would be appropriate after the Congress had completed its consideration of a "minerals stabilization plan" submitted by the Executive Department and introduced in the Senate as S.4086. This legislation passed the Senate but failed to pass in the House as Congress adjourned in August 1958.

The President was faced with a final decision and issued Proclamation No. 3257 on September 22, 1958 establishing absolute quota restrictions on imports for consumption of unmanufactured lead and zinc, effective October 1, 1958. However, the quota amounts were set at 80%, rather than the recommended 50%, of the average annual commercial imports for the base period, much more generous to the importer than recommended by the Tariff Commission. There was no change in basic tariff rates and no provision for quota control of manufactured items. The annual quotas established limits for imports of ore and metal combined as follows: lead—354,720 tons and zinc—520,960 tons.

By the time the President took this action, the damage had been done. The quotas were too little and too late. In 1957 the industry had been flooded with unneeded imports. Producers' stocks were at all time highs and market prices were at low, uneconomic levels; domestic mines closed and employment and production dropped and there was no sizeable increase in consumption of these two metals to offset the effects of the imports. The quotas did not equate metal supply with demand.

EVENTS DURING THE PERIOD OF PROCLAMATION NO. 3257

Despite the quotas, imposed as a temporary palliative, the industry did not consider it good business to reopen some domestic mines, particularly in the Western States. Metal prices had improved slightly following the quota proclamation but dropped again in early 1959. U.S. mine production of lead and zinc has not, to date, been fully restored to the level prevailing before the enforced drastic curtailment in 1957.

In 1963 domestic consumption of lead and zinc began to increase. Since that time, consumption of lead and zinc has increased 12 and 27 percent, respectively. There has been a similar increase in foreign consumption. This gradual increase in consumption brought about a similar decrease in domestic producers' metal stocks. As stocks approached normal levels, market prices strengthened providing profitable operations and encouraged exploration for and development of new sources of supply. By mid-1964, demand was exceeding supply. Mines that had been closed were reopening and interest was renewed in finding new orebodies, but this process was too slow to meet immediate requirements. In addition, some countries reduced their imports below quota levels as their own consumption requirements increased. Other countries with supplies available were limited to a maximum import tonnage by the absolute quota system. A combination of the necessary "lead-time" to activate domestic mining and smelting operations and the limitations of an inflexible, absolute quota proclamation, produced a metal shortage for both lead and zinc in the United States. Immediate action was required to increase metal supplies. In mid-1964, the domestic lead-zinc producers joined with the consumers in sponsoring legislation for release of 50,000 short tons of lead and 75,000 short tons of zinc from the National Stockpile. These quantities were easily assimilated in our expanding markets. A second release of 150,000 short tons of lead and 150,000 short tons of zinc was authorized in April 1965. A third zinc release of 200,000 short tons was authorized in November 1965; however, at this time the General Services Administration, as the representative of the Executive Department, was advised by the domestic producers that the domestic and world supply for zinc metal was improving and urged caution in authorizing stockpile releases that might cause market disruption. Stockpile sales were a necessary part of the domestic metal supply in 1964 and 1965, as rising consumption moved ahead of the "lead-time" required to get new production on stream and the inflexible nature of the Quota Proclamation did not allow for increased imports to help meet increased demands.

The absolute quotas were not an effective instrument to meet the problems of the mining and smelting industries or of the consumers of lead and zinc in the