

United States. They were set too high to effectively and expeditiously correct the situation that called for their imposition in 1958, at a time when metal stocks were at extraordinarily high levels and metal prices were too low for profitable mine operation. Being of fixed quantity, they guaranteed to foreign producers a fixed quantitative participation in the United States market, regardless of the level of consumption, thus putting the entire burden of adjustment during low cycles of domestic consumption on the U.S. mines. Further, being of fixed quantity, they had no flexibility to meet changing levels of consumption, and under some conditions such as those prevailing in 1964 and 1965 they approached the point of being too low. The underlying conditions that caused the 1956-1957 debacle have not changed and in the absence of adequate and effective import controls will continue as a threat to the stability of the United States mining and smelting industry. The strong trend to treatment of ores in countries of origin, with a view to selling the metal products in the United States, has widened the threat to the stability of the lead-zinc smelting industry in the United States, and even to the continued existence of some segments of it. Mines are not a spigot that can be turned on and off at will as supplies are required. Some assurance of a portion of the domestic market is needed to stimulate time consuming exploration and development. From experience under the Presidential Quota Proclamation, the domestic lead-zinc industry has stressed that any quota limitations on lead and zinc be of a flexible nature.

EVENTS LEADING TO TERMINATION OF THE PRESIDENTIAL QUOTA PROCLAMATION

Section 351(d) of the Trade Expansion Act of 1962 requires an annual review of any industry operating under import restrictions pursuant to action authorized by an escape clause finding of the Trade Agreements Extension Act of 1951. This type of action was the basis for the lead-zinc import quota plan. A report under this authorization was sent to the President on October 1, 1963 and referred to the Office of the Special Representative for Trade Negotiations. The Trade Expansion Act provides further that the President may ask for Tariff Commission advice of probable economic effects to an industry by the reduction or termination of an import restriction. Apparently, in view of improving conditions with the industry the Office of the Special Representative for Trade Negotiations recommended a full scale review of the industry. The President ordered such a hearing in March 1964. This was held in June 1964, and the report issued in June 1965. The Commission reported to the President that termination of quotas on unmanufactured lead and zinc "would not likely have a detrimental effect on domestic lead and zinc producers unless world demand for these metals should subside substantially in relation to world supplies." The report to the President was referred back to the Office of the Special Representative for Trade Negotiations for study and recommendations. This study was made through an interagency committee, principally representatives from Departments of Interior (Chairman), Commerce, State, Labor and Treasury. Representatives of the domestic industry stated their position to these Departments and the Counsel to the President as follows:

1. No precipitous action should be taken to change the present quota system until the effect of stockpile releases and the effects of the worldwide build-up of production, on domestic and world markets could be evaluated.

2. The logical adjustment to solve inequities of the absolute quota proclamation was substitution of provisions of a flexible quota bill. Friends of the industry in Congress agreed with this position and so advised the President.

However, effective October 22, 1965, the President terminated the Quota Proclamation on entry of lead and zinc ores and concentrates and 30 days later on the entry of lead and zinc metal.

The President terminated the quota with no provision for a continuing lead-zinc minerals policy. He did refer the industry to the Tariff Commission for any needed future relief and urged the Commission to expedite its procedures and proceedings. This avenue of "help" has been thoroughly explored in 20 cases, including one from the lead-zinc industry, all with negative results. The provisions of the Trade Expansion Act of 1962 eliminate any practical possibility of the Commission being able to come up with a finding of injury to the industry due to excessive imports.