

5. During 1963 prices for both lead and zinc increased, reaching 13c per pound and approached reasonable minimum prices for the first time since 1956. This rise resulted from decreased producers stocks and increased consumption, reflecting increased usage by the automobile and steel industries.

6. The increase in consumption of both lead and zinc continued into 1964, and United States primary producers metal stocks at the close of 1963 and again in 1964 were at the lowest levels since the pre-quota period. The lead price increased from 10.5c per pound on January 15, 1963 to 13.0c per pound on January 2, 1964 and zinc increased from 12.0c per pound on July 2, 1963 to 13.0c on December 3, 1963. The U.S. zinc price was 14.5c per pound at the end of 1964 and the price of lead was 16.0c per pound at the close of the year.

7. The domestic lead price held constant through 1965 at 16.0c per pound, but on May 5, 1966 this was reduced to 15.0c per pound and again to 14.0c on October 10, 1966, closing the year at that level. Both price reductions were made "to restore the world balance" in pricing the metal, reflecting the decrease in quotes on the London Metal Exchange. The domestic price for zinc remained at 14.5c per pound during 1966.

8. During May and June of 1967 the price of zinc dropped 1c per pound to 13.5c per pound, and on May 2, 1968 the price of lead dropped 1c per pound to 13.0c per pound. The two metals currently remain at these price levels.

The CHAIRMAN. Our next witness is Mr. Wilke, of the Domestic Litharge Producers.

(No response.)

The CHAIRMAN. Mr. Richard J. Bauer, president, Independent Zinc Alloyers Association.

Mr. Bauer?

(No response.)

The CHAIRMAN. Without objection, those whose names have been called who are not here in person may, if they desire to do so, extend the remarks they would have delivered had they been present in the record at this point.

(The following statement of the Domestic Litharge Industry was received for the record:)

STATEMENT OF THE DOMESTIC LITHARGE INDUSTRY

BACKGROUND

Litharge, which is one of the primary constituents in present day automobile batteries, contains ninety-three (93) percent virgin lead metal and is generally manufactured by the simple process of furnacing. Litharge contains so great a proportion of the virgin base metal that in major tonnage the cost of such lead is nearly ninety (90) percent of the sales price of the finished and packaged products.

DELETERIOUS EFFECT UPON DOMESTIC LITHARGE INDUSTRY RESULTING FROM IMPORTATIONS FROM MEXICO

Prior to 1955, the importation of litharge from Mexico was not a significant part of the domestic market. In fact, total litharge imports from Mexico never exceeded a few hundred tons up to the year 1955.

Mexico, for many years, has produced large quantities of lead. It has been able to produce its lead below the price of the London Metal Exchange (LME). As a result, the Mexican Government has been able to receive revenues from the mining of lead by taxing such producers to bring about a price equal to the LME. The situation with respect to this tax has been in effect for many years and is still presently in existence.

In 1955 (the Mexican Government initiated a system whereby the Mexican litharge producers could purchase the primary metal in Mexico less the amount of tax on refined metal. The resulting ramifications of this procedure are that Mexican producers of primary metal pay an export tax of approximately twenty-eight (28) percent, equalizing the cost of the metal to that of the LME; and,