Our industry is unlike some other basic metal industries. This country might be said to be self-sufficient in steel, for example, in that all the processes from ore to metal are abundantly contained within the United States. Zinc, however, is an international metal and all users of zinc ore and metal in this country must rely to one extent or another upon foreign sources.

Mr. Simon D. Straus, vice president of American Smelting and Refining Company, and Mr. Richard A. Young, chairman of the board of American Zinc Company, officials of primary zinc production and supply companies in this nation, and both highly respected persons in our industry, attested to the international nature of the zinc industry earlier this year.

In very informative papers on the free world supply and demand of zinc, presented before industry trade meetings in Montreal on April 4, they discussed data that clearly demonstrated the interrelation of U.S. and free world zinc supplies. Much of this data was developed by the International Lead and Zinc Study Group. Mr. Young's talk related strikes in our U.S. copper industry and the release of zinc from the U.S. stockpile to foreign zinc production and to U.S. imports.

Prior to 1963 the great bulk of special high grade zinc used by independent alloyers in the U.S. came from domestic sources. Today more than 50% comes to us from foreign sources, we look to imported slab zinc not because of price considerations but because it is more dependable as a supply source of our basic material.

You must remember, we, as independent alloyers, compete with the primary zinc producers for alloy customers. And, incidentally, most of our customers are die casters producing largely for the automotive industry. We respect competition from these producers as well as competition amongst ourselves.

Since we rely upon foreign sources for approximately half of our supply of slab zinc and upon U.S. primary producers, who are in competition with us, for the other half of our supply of raw materials, the proposed quota legislation could on one hand reduce our source of supply from overseas and on the other hand, allow major competitors an unfettered supply of slab zinc. A supply condition such as this would be very disruptive and extremely harmful to the independent zinc alloyers.

No one anticipates manipulation of domestic supplies of slab zinc solely for the purpose of causing application of quotas on imports. However, inherent in the legislation, if it should become law, is the possibility that its application could be to the competitive disadvantage of all the independent zinc alloyers. We are certain it is never the intention of this Government to create a tool of competitive advantage for one segment of an industry to the disadvantage of another segment of the same industry.

The bills before you provide that when slab zinc owned by U.S. producers at the close of three consecutive months exceeds 175% of average monthly domestic shipments during the same three months, a quota shall be applied.

It was estimated, during the Senate Finance Committee hearings last October, by Mr. Clark L. Wilson, Chairman of the Lead-Zinc Producers Committee, that a 38 million dollar inventory would be required to trigger zinc quotas. At the time of his testimony, published figures indicated a U.S. inventory of approximately 25 million dollars. Under normal market conditions in this country, a 38 million dollar zinc metal inventory, including metal in bonded warehouses, would not be abnormal.

If these bills had been law in October of last year, an addition of only 13 million dollars to the then current metal inventory could have been the signal for the start of the pre-quota determining period. In our present day economy this is not a great deal of metal; it would not have indicated an oversupply of slab zinc in this country; and hardly would have been reason for thinking about curtailing zinc metal imports.

If the three-month period required by the present quota bills had started to run, there is no doubt in my mind that our customers, fully aware that our import supplies might be reduced by an impending quota, would begin to look around for other suppliers in order to be sure of sources of zinc alloy once the quota was applied and our production because adversely affected.

Since the beginning of these hearings, arguments have been made against quota legislation on grounds of danger to our national economy and danger to our international trade arrangements. Insofar as zinc is concerned, and particularly zinc alloys, of which over 60% go into die cast parts for the U.S. automotive