

In their report to the Congress dated March 1960 (Page 159), and made pursuant to Senate Resolution 162 of the 86th Congress, the Tariff Commission again expressed their objections to quotas and commented that "Import Quotas are prejudicial to the establishment of domestic lead and zinc mining operations on a sound and, more particularly, stable basis."

In a later report to Congress in May 1962 (Page 48) and made pursuant to Senate Resolution 206 of the 87th Congress, after some 3½ years of operation under the then existing quotas, the Tariff Commission concluded "that import quotas had not proved to be a satisfactory means of curtailing imports of lead and zinc."

A substantial portion of the domestic lead-zinc industry has supported the Tariff Commission in these views. In a petition dated November 24, 1959, six domestic lead and zinc smelters requested a review of the Escape Clause action on lead and zinc. They generally took the position that import quotas were not a suitable means of protection for the industry and that "the maintenance of quotas which arbitrarily limit supplies may prove a dangerous course to follow" (Page 4 of the Petition).

The record shows that the weight of all the evidence over the years has been consistently and overwhelmingly against import quotas as a means of protection for lead and zinc.

2. Widespread Consumer Opposition to Lead and Zinc Quotas

There is a considerable degree of opposition to lead and zinc import quotas in the domestic consuming industries. The Independent Zinc Alloyers Association and the American Die-Casters Association, who together speak for a major segment of the zinc consuming industry have repeatedly expressed their objections to such measures to various Government agencies. The Association of American Battery Manufacturers and also a group of Tetra-Ethyl manufacturers (who all together represent 54% of the lead consumption in this country) also filed statements with the Senate Committee on Finance and with the Senate Committee on Interior and Insular Affairs expressing their objections to the lead and zinc quota Bills. Their opposition is on the public record so we will not attempt to speak for them here.

3. National Security Is Not Involved

The preamble to H.R. 51 states that one of its objectives is "to assist in the National Defense". There are, however, well over one million tons each of lead and zinc in the National Stockpiles and the O.E.P. has declared all this tonnage as surplus, having fixed the National Defense requirement on both metals as zero for stockpile purposes. Furthermore, two of the world's major producers, Canada and Mexico, are our neighbor countries with rail supply lines in this country.

We do not see therefore that import quotas for lead and zinc can be justified on the grounds of National Defense.

4. Specific Objections to H.R. 51

There is no reason to believe that, in practice, H.R. 51 would work any better than the import quotas established in 1958 and we object to it for the following reasons:

(a) As the earlier quotas conclusively proved, it is simply not possible to insulate the U.S. market from the outside world market because the U.S. inevitably depends on imports for part of its lead and zinc requirements. In fact, the ineffectiveness of quotas is demonstrated by the fact that in 1962, three years after the previous quota system was imposed, the lead price in the U.S. sank to 9.50 cents, its lowest level in 16 years.

(b) The quotas under this Bill would be imposed or removed, not at the decision of the Government, or some impartial agency, but by the domestic smelters themselves, who alone can control the disposition and levels of their stocks. This means the domestic smelters, whose stocks only represent part of total market stocks, themselves would have the power to decide when the metal quotas should come on and when they should come off, as well as having the power to control the concentrate quotas. This seems to us a new and dangerous precedent to establish in international trade matters and we consider it to be one of the most objectionable aspects of this Bill.

(c) This form of quota discriminates against those overseas suppliers who are geographically located farthest away. Tonnage which is eligible for entry at the time a steamer booking is made may be excluded by the time it arrives at the U.S. port, if a long sea voyage is involved, whereas other shippers located close to the U.S. would suffer no such disadvantage.