

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., July 12, 1968.

HON. WILBUR D. MILLS,
Chairman, House Ways and Means Committee,
Washington, D.C.

DEAR CHAIRMAN MILLS: I would greatly appreciate your making the attached telegraphed message a part of the written testimony dealing with tariffs. My constituent, Rudolph S. Wood, Vice President, Sales, M. & R. Refractory Metals, Inc., supports, specifically, my legislation, H.R. 522, regarding duty free importation of molybdenum.

I would appreciate your consideration of this testimony.

Very sincerely,

FLORENCE P. DWYER,
Member of Congress.

SPRINGFIELD, N.J., July 11, 1968.

HON. FLORENCE P. DWYER,
Rayburn House Office Building,
Washington, D.C.

DEAR MADAM: Thank you for your letter of July 3 and for your efforts on our behalf.

We appreciate this opportunity to present our written testimony to the Ways and Means Committee.

With regard to your bill No. H.R. 522, we offer the following comments in support of the removal of the duty on molybdenum concentrate:

1. The molybdenum industry is no longer the vulnerable infant that it was in 1930 and the tariff has outlived its usefulness.

2. The present tariffs on molybdenum serve only to insulate mining interests from domestic as well as foreign competition. Thus, it further indirectly subsidizes an industry which is already enjoying substantial benefits from depletion allowances and stockpile purchases.

There are two producers of prime molybdenum concentrate in the United States—the Climax Molybdenum Company and the Molybdenum Corporation of America. Climax produces about 57,000,000 pounds of molybdenum annually and the Molybdenum Corporation about 10,000,000 pounds. The United States consumes about 52,000,000 pounds per year. In general, neither Climax nor Molybdenum Corporation will sell concentrate to converters or, indeed, to anyone else in the United States. Climax does sell such concentrate to processors abroad.

3. Molybdenum is also produced as a by-product of copper mining. There are two fairly substantial sources of such by-product concentrate which is suitable for some metallurgical applications—the Kennecott Corporation and the Duval Corporation. Neither of these sells concentrates to converters. This refusal to sell concentrates to processors or converters on the part of the above-mentioned corporations permits them to reserve the market for the most important molybdenum material, technical grade molybdenic oxide, to themselves. Incidentally, the price for technical grade oxide from all sources, by-product and otherwise, is exactly the same.

There are other productions of by-product molybdenum concentrate. However, that which is offered for sale is highly contaminated with copper and other impurities and requires additional processing in order to make it suitable for most metallurgical applications. As a direct result of the inability of processors to purchase suitable concentrate, the mining companies are insulated from competition. For instance, such strategically important commodities as purified molybdenic oxide and purified molybdenite concentrate are produced only by Climax. So long as the restrictive practices of the mining industry, with respect to the sale of molybdenum concentrate, are permitted to continue, and so long as the tariff protects them from potentially aggressive competition, both with respect to price and technology, the industry must depend upon these interests for any improvements in either technology or pricing. No technological breakthroughs can ever be exploited to the advantage of the Nation as a whole.

The GSA is the only other domestic source of prime molybdenum concentrate, and it can hardly be considered a permanent source. Moreover, the GSA imposes export restrictions which make it impossible for converters like ourselves to take advantage of export opportunities. The restrictions against the export of such