[Confidentiality Unwarranted]

International Antidumping Code:

6 (d) However, if the authorities concerned find that a request for confidentiality is not warranted and if the supplier is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, the authorities would be free to disregard such information unless it can be demonstrated to their satisfaction from appropriate sources that the information is correct.

U.S. Treasury Regulations:

If, however, disclosure is requested and it is determined that confidentiality is unwarranted, and the submitting party does not agree to disclose any specific part or summary or approximation thereof--to the extent it is self-serving, it will be disregarded by Treasury in determining sales below fair value and will not be relied on in this connection.

S. 1726 (90th Congress):

If an importer or exporter fails or refuses to furnish the information requested by the Secretary, all doubts relating only to such information will be resolved against the person failing or refusing to furnish it. Section: 6 [212(f)].

6 (e)

[Foreign Investigations]

International Antidumping Code:

6 (e) In order to verify information provided or to obtain further details the authorities may carry out investigations in other countries as required, provided they obtain the agreement of the firms concerned and provided they notify the representatives of the government of the country in question and unless the latter object to the investigation.

Comment:

No comparable provision.

[Notice of Investigation]

International Antidumping Code:

6 (f) Once the competent authorities are satisfied that there is sufficient evidence to justify initiating an antidumping investigation pursuant to Article 5, representatives of the exporting country and the exporters and importers known to be concerned shall be notified and a public notice may be published.

Antidumping Act, 1921, As Amended:

The first notice requirement is contained in Section 201 (b) which requires Secretary of Treasury to publish notice in the Federal Register that he has reason to believe or suspect a dumping margin to exist.

U.S. Treasury Regulations:

Section 14.6 (d) (1) (i) merely provides for an "Antidumping Proceeding Notice" upon the Secretary's decision that the information received in complaint is "in proper form," and will specify the shipments by certain firms or persons involved, the date received and a summary of the information.

Section 14.6 (e) provides for a withholding of Appraisement Notice in the Federal Register where "reasonable grounds to believe or suspect a dumping margin to exist." Where the investigation is limited to transactions of certain shippers or producers the notice shall name them.

Section 14.9 (a) requires each appraiser to notify the collector and importer immediately of each lot of merchandise with respect to which appraisement is withheld.

[Confrontation and Rebuttal]

International Antidumping Code:

6 (g) Throughout the antidumping investigation all parties shall have a full opportunity for the defense of their interests. To this end, the authorities concerned shall, on request, provide opportunities for all directly interested parties to meet those parties with adverse interests, so that opposing views may be presented and rebuttal arguments offered. Provision of such opportunities must take account of the need to preserve confidentiality and of the convenience to the parties. There shall be no obligation on any party to attend a meeting and failure to do so shall not be prejudicial to that party's case.

U.S. Treasury Regulations:

Section 14.8 (a) gives interested persons an opportunity to present views including new or additional information or arguments after a Notice of Tentative Determination is published in the Federal Register. Where accuracy of information before Treasury is challenged, oral presentation of information or argument in person or through counsel is possible for all parties who the Secretary decides are concerned. The Notice of Tentative Determination includes a statement of reasons on which the tentative determination is based.

S. 1726 (90th Congress):

The Bill provides that both Treasury, with regard to dumping, and the Tariff Commission, with regard to injury, give an opportunity for a fair hearing and, at any oral hearing, the right to counsel, to present evidence, to confront interested parties, and to conduct whatever cross-examination may be required for a fair disclosure of pertinent facts. Section: 6 [212(d) and (h)].

A Proposed Dumping Determination would be published indicating non-confidential specific data, concepts, and computations relied on by Treasury in making its proposed decision. Parties would have opportunity to be heard on whether relevant documents should be made part of the record. Section: 6 [212(c)].

[Notice of Determinations]

International Antidumping Code:

6 (h) The authorities concerned shall notify representatives of the exporting country and the directly interested parties of their decisions regarding imposition or non-imposition of antidumping duties, indicating the reasons for such decisions and the criteria applied and shall, unless there are special reasons against doing so, make public the decisions.

Antidumping Act, 1921, As Amended:

Section 201 (a) requires the Secretary of Treasury to make public notice of any affirmative dumping and injury findings.

Section 201 (c) requires Treasury and the Tariff Commission to publish their respective dumping and injury findings in the Federal Register "with a statement of the reasons therefor."

U.S. Treasury Regulations:

Section 14.13 (a) requires publication in the Federal Register of both the "Notice of Tentative Determination" regarding Treasury's dumping investigation and the Tariff Commission's determination regarding injury, including statements of the reasons therefor. Tariff Commission findings will also be published in the weekly issues of Treasury Decisions.

S. 1726 (90th Congress):

The Bill requires the Tariff Commission, as well as the Treasury Department, to publish full reports indicating specific data such as manufacturers, dates, prices, discounts, quantities, home consumption, cost of containers, taxes, duties and commissions, as well as delivery, selling, advertising, technical service, and other expenses, but not including confidential cost information used in ascertaining constructed value or costs of manufacture. Section: 6 [212(c)(d)(e)(i)].

[Preliminary Determinations]

International Antidumping Code:

6 (i) The provisions of this Article shall not preclude the authorities from reaching preliminary determinations, affirmative or negative, or from applying provisional measures expeditiously. In cases in which any interested party withholds the necessary information, a final finding, affirmative or negative, may be made on the basis of the facts available.

U.S. Treasury Regulations:

Section 14.6 (d) (ii) allows the Commissioner of Customs to "conduct a brief preliminary investigation" and still "promptly" decide whether reasonable grounds exist to believe or suspect a dumping margin to exist.

Section 14.6 (e) specifies that where insufficient information exists to state whether purchase price or exporter's sales price are to be used for the comparison with fair value, he may publish a supplementary notice "as soon as possible" with such information and that withholding of appraisement shall not begin until such supplemental notice is received by the appraisers.

S. 1726 (90th Congress):

If an importer or exporter fails or refuses to furnish the information requested by the Secretary of Treasury, all doubts relating only to such information will be resolved against him. Section: 6 [212(f)].

Comment:

There is no provision in U.S. law or regulations allowing a final finding on the basis of the facts available where any interested party withholds "necessary information."

Article 7
Price Undertakings
[Conditions for Terminating Investigations]

International Antidumping Code:

7 (a) Antidumping proceedings may be terminated without imposition of antidumping duties or provisional measures upon receipt of a voluntary undertaking by the exporters to revise their prices so that the margin of dumping is eliminated or to cease to export to the area in question at dumped prices if the authorities concerned consider this practicable, e.g., if the number of exporters or potential exporters of the product in question is not too great and/or if the trading practices are suitable.

7 (b) If the exporters concerned undertake, during the examination of a case, to revise prices or to cease to export the product in question, and the authorities concerned accept the undertaking, the investigation of injury shall nevertheless be completed if the exporters so desire or the authorities concerned so decide. If a determination of no injury is made, the undertaking given by the exporters shall automatically lapse unless the exporters state that it shall not lapse. The fact that exporters do not offer to give such undertakings during the period of investigation, or do not accept an invitation made by the investigating authorities to do so, shall in no way be prejudicial to the consideration of the case. However, the authorities are, of course, free to determine that a threat of injury is more likely to be realized if the dumped imports continue.

U.S. Treasury Regulations:

Section 14.7 (b) (9) allows Secretary of Treasury to terminate a dumping investigation if "promptly after the commencement of the investigation" either (1) price revisions have been made which eliminate the likelihood of sales below fair value and there is no likelihood of the resumption of such prices, or (2) sales have terminated and will not be resumed, or (3) the Secretary determines there are other changed circumstances [undefined] on the basis of which it may no longer be appropriate to continue an antidumping investigation.

Opponents are given 30 days after public notice in the Federal Register to challenge the facts relied on with "persuasive evidence or argument to the contrary." Otherwise, there will be a finding that "there are not and are not likely to be sales below fair value."

S. 1726 (90th Congress):

The Bill would require that an investigation once begun be terminated only if (1) dumping ceased promptly after the start of the investigation, (2) assurances were given that such dumping would not be resumed, and (3) the quantities involved are insignificant. Section 6 [212(a)(2)].

Comment:

Denies complainant the right to have injury investigation completed merely because of voluntary price revisions or cessation of the exports (unless the authorities concerned so decide). This is contrary to U.S. law which has no provision allowing the Tariff Commission not to complete its investigation.

D. Antidumping Duties and Provisional Measures
Article 8
Imposition and Collection of Antidumping Duties
[Discretion of Authorities]

International Antidumping Code:

8 (a) The decision whether or not to impose an antidumping duty in cases where all requirements for the imposition have been fulfilled and the decision whether the amount of the antidumping duty to be imposed shall be the full margin of dumping or less, are decisions to be made by the authorities of the importing country or customs territory. It is desirable that the imposition be permissive in all countries or customs territories parties to this Agreement and that the duty be less than the margin, if such lesser duty would be adequate to remove the injury to the domestic industry.

Article VI, GATT:

2. In order to offset or prevent dumping, a contracting party may levy on any dumped product an antidumping duty not greater in amount than the margin of dumping in respect of such product. For the purposes of this Article, the margin of dumping is the price difference determined in accordance with the provisions of paragraph I.

Antidumping Act, 1921, As Amended:

Section 202 (a) requires a special dumping duty to be applied for which the full margin of dumping is to be the basis.

S. 1726 (90th Congress):

Judicial Review

Rather than allow "the authorities" the ultimate decision, the Bill makes clear that judicial review is available to both importers and complainants when proceeding concluded. This would clarify the confusion as to the extent courts can review Treasury Department and Tariff Commission findings. Appeals would be direct to the Court of Customs and Patent Appeals. The Court would be authorized only to continue, not to initiate, the withholding of appraisement pending an appeal. Section: 6 [212(j)].

Comment:

[NOTE] The fact that once dumping and injury have been found the authorities still have a decision (1) whether or not to impose an antidumping duty, and (2) whether the amount of duty to be imposed is the full margin of dumping is a direct circumvention of Section 202(a) of the Antidumping Act, 1921, as amended, in which the imposition of a special dumping duty in the full amount of the dumping margin is mandatory.

[Suppliers Named]

International Antidumping Code:

8 (b) When an antidumping duty is imposed in respect of any product, such antidumping duty shall be levied, in the appropriate amounts in each case, on a non-discriminatory basis on imports of such product from all sources found to be dumped and causing injury. The authorities shall name the supplier or suppliers of the product concerned. If, however, several suppliers from the same country are involved, and it is impracticable to name all these suppliers, the authorities may name the supplying country concerned. If several suppliers from more than one country are involved, the authorities may name either all the suppliers involved, or, if this is impracticable, all the supplying countries involved.

Antidumping Act, 1921, As Amended:

Section 201 (a) requires Secretary of Treasury after an affirmative finding of injury by the Tariff Commission to describe the class or kind of merchandise involved "in such detail as he shall deem necessary for the guidance of customs officers."

U.S. Treasury Regulations:

No comparable provision for notifying and naming the supplier of the product concerned.

Comment:

Treasury Regulations could interpret the phrase "for the guidance of customs officers" to authorize naming suppliers or countries involved.

[Duties Limited by Dumping Margin]

8 (c)

International Antidumping Code:

8 (c) The amount of the antidumping duty must not exceed the margin of dumping as established under Article 2. Therefore, if subsequent to the application of the antidumping duty it is found that the duty so collected exceeds the actual dumping margin, the amount in excess of the margin shall be reimbursed as quickly as possible.

Comment:

No comparable provision.

[Basic Price System]

International Antidumping Code:

8 (d) Within a basic price system, the following rules shall apply, provided that their application is consistent with the other provisions of this Code:

If several suppliers from one or more countries are involved, antidumping duties may be imposed on imports of the product in question found to have been dumped and to be causing injury from the country or countries concerned, the duty being equivalent to the amount by which the export price is less than the basic price established for this purpose, not exceeding the lowest normal price in the supplying country or countries where normal conditions of competition are prevailing. It is understood that for products which are sold below this already established basic price a new antidumping investigation shall be carried out in each particular case, when so demanded by the interested parties and the demand is supported by relevant evidence. In cases where no dumping is found, antidumping duties collected shall be reimbursed as quickly as possible. Furthermore, if it can be found that the duty so collected exceeds the actual dumping margin, the amount in excess of the margin shall be reimbursed as quickly as possible.

Antidumping Act, 1921, As Amended:

Section 202 (a) requires the special dumping duty in an amount equal to the difference between purchase price or exporter's sales price and foreign market value (or, in the absence of such value, the constructed value, which are defined in sections 203, 204, 205 and 206 of the Antidumping Act, 1921, as amended, respectively.

Comment:

Neither U.S. Antidumping Act, 1921, as amended, nor Treasury Regulations contain any "basic price system" concept for finding the amount of the special dumping duty. If the Secretary of the Treasury were to incorporate this into the Treasury Regulations it is quite probable that it would create an anomalous situation in which sales at less than fair value are found by Treasury on the basis of one price [the actual price], but any special dumping duty is assessed on the basis of an entirely different price, [the base price], e.g., where the particular supplier's home market price is higher than the "lowest normal price" which Article 8 (d) requires to be the basic

Comment (Cont'd):

price. Conceivably, the low home market price in Country A on wire rods, for example, would set the base price. Export sales by Countries B and C at prices below this price would precipitate a new antidumping investigation of B and C sales. Since B and C home market sales are at a higher price, their margin would be their export price compared to their home market sales, but the margin for dumping duty purposes would only be their export price compared to A's home market price, the base price.

In this situation, a foreign supplier could raise his home market price and know that the only dumping duty he might have to pay would be equivalent to the margin that his export price was below the "lowest normal price." If his export price were the same as, or higher than, the "lowest normal price" he would not pay any special dumping duty at all.

How this basic price would be established is not clarified in Article 8 (d). Neither are "normal conditions of competition" defined. In effect, the entire mechanism for determining the margin of dumping under U.S. law would be circumvented and all parties dumping at prices higher than the basic price could continue to dump with impunity.

[Dumping Cessation in Regional Markets]

International Antidumping Code:

8 (e) When the industry has been interpreted as referring to the producers in a certain area, i.e., a market as defined in Article 4 (a) (ii), antidumping duties shall only be definitively collected on the products in question consigned for final consumption to that area, except in cases where the exporter shall, prior to the imposition of antidumping duties, be given an opportunity to cease dumping in the area concerned. In such cases, if an adequate assurance to this effect is promptly given, antidumping duties shall not be imposed, provided, however, that if the assurance is not given or is not fulfilled, the duties may be imposed without limitation to an area.

U.S. Treasury Regulations:

Section 14.7 (b) (9) merely allows the Secretary of Treasury to find no likelihood of sales at less than fair value if sales to the U.S. have terminated and will not be resumed.

Comment:

Giving the exporter an opportunity to cease dumping in the particular market area, and thereby absolving himself of antidumping duties on products consigned for consumption in that area, would seem to enable him to be home free on the dumping he has already done. This will encourage such area dumping, and exporters may dump into one different area after another with impunity.

It would not be possible to claim that Treasury regulations already cover this point since Section 14.7 (b) (9) only applies to a time period before a determination on the question of the likelihood of sales at less than fair value has been made, insofar as Treasury's authority under its regulations is only to make a finding of no likelihood of sales at less than fair value. Conformity with Article 8 (e) would enable dumper to absolve himself from dumping duties merely by terminating such sales at some time during the Tariff Commission's injury investigation, insofar as Article 8 (e) enables such termination any time "prior to the imposition of antidumping duties" which occurs after the Tariff Commission finds injury.

It is difficult to conceive of the Congress delegating authority of the Secretary of Treasury to set up without any prior Congressional approval such a system of duty avoidance when the market area concept is not even spelled out in the U.S. law.

Article 9
Duration of Dumping
Duties

International Antidumping Code:

9 (a) An antidumping duty shall remain in force only as long as it is necessary in order to counteract dumping which is causing injury.

9 (b) The authorities concerned shall review the need for the continued imposition of the duty, where warranted, on their own initiative or if interested suppliers or importers of the product so request and submit information substantiating the need for review.

U.S. Treasury Regulations:

Section 14.12 provides that to modify or revoke a finding of dumping plus injury, detailed information must be submitted in writing showing any change in circumstances or practice which has prevailed for a substantial period of time, or other reasons, which the applicant believes will establish that the basis for the finding no longer exists. Notice of intent to modify or revoke a finding will be published in the Federal Register and comments received from interested parties within 30 days will be given consideration.

Comment:

The use of the present tense, "is causing injury" would require lifting an antidumping duty finding as soon as the dumped imports have entered the commerce of the United States in spite of any threatened injury or the possibility that another dumped shipment may arrive imminently.

Article 10
Provisional Measures
[Preliminary Decision Required]

International Antidumping Code:

10 (a) Provisional measures may be taken only when a preliminary decision has been taken that there is dumping and when there is sufficient evidence of injury.

Antidumping Act, 1921, As Amended:

Antidumping Act, 1921, requires withholding of appraisement in section 201 (b) whenever the Secretary has reason to believe or suspect that the purchase price or exporter's sales price is less or likely to be less, than the foreign market value (or in the absence of such value, then the constructed value).

U.S. Treasury Regulations:

Section 14.6 (e) requires a determination that reasonable grounds to believe or suspect a dumping margin exists to be made by the Commissioner before he publishes a "Withholding of Appraisement Notice."

Comment:

Clearly, there is no injury test involved in the U.S. provision for withholding of appraisement.

10 (b) [Forms of Provisional Measures]

International Antidumping Code:

10 (b) Provisional measures may take the form of a provisional duty or, preferably, a security--by deposit or bond--equal to the amount of the antidumping duty provisionally estimated, being not greater than the provisionally estimated margin of dumping. Withholding of appraisement is an appropriate provisional measure provided that the normal duty and the estimated amount of the antidumping duty be indicated and as long as the withholding of appraisement is subject to the same conditions as other provisional measures.

Antidumping Act, 1921, As Amended:

The only provisional measure is withholding of appraisement as provided in Section 201 (b).

U.S. Treasury Regulations:

Section 14.10 (a) allows for a release on bond for all merchandise subject to a Notice of Withholding of Appraisement or a finding of dumping plus injury.

[Notice of Provisional Measures]

International Antidumping Code:

10 (c) The authorities concerned shall inform representatives of the exporting country and the directly interested parties of their decisions regarding imposition of provisional measures indicating the reasons for such decisions and the criteria applied, and shall, unless there are special reasons against doing so, make public such decisions.

Antidumping Act, 1921, As Amended:

Section 201 (b) does not specifically require publication of notice in the Federal Register that appraisement is being withheld; he is required to publish notice in the Federal Register that he has reason to believe or suspect that a dumping margin exists. He then shall authorize the withholding of appraisement.

U.S. Treasury Regulations:

The Withholding of Appraisement Notice is described in Section 14.6 (e) to include a description of the merchandise, the name of the country of exportation, certain shippers or producers involved, the date of the receipt of information in proper form, and the appropriate basis of comparisons for fair value purposes.

[Time Limit on Provisional Measures]

International Antidumping Code:

10 (d) The imposition of provisional measures shall be limited to as short a period as possible. More specifically, provisional measures shall not be imposed for a period longer than three months or, on decision of the authorities concerned upon request by the exporter and the importer, six months.

Antidumping Act, 1921, As Amended:

Section 201 (b) requires appraisement to be withheld "until such order of the Secretary" or until the results of an injury investigation are made public. Thus, there is no such 3 months time limit as is contained in Article 10 (d) of the International Code.

S. 1726 (90th Congress):

The Amendment would impose a limitation of six months on Treasury proceedings--and has an "escape valve" for added time when needed. The provision is a reasonable one; in 1954 Congress limited Tariff Commission "injury" investigations to three months. Section: 6 [212 (e)].

Comment:

The 3-months time limit would be an incentive to keep on importing at dumped prices beyond the 3-month period because all dumped imports after that time would be home free (in the absence of a new investigation and the corresponding provisional measures).

10 (e)

[Other Limits on Provisional Measures]

International Antidumping Code:

10 (e) "The relevant provisions of Article 8 shall be followed in the application of provisional measures."

Comment:

The intended scope of this provision is unclear without further clarification by negotiators of the International Code.

Article 11
Retroactivity
[General Rule]

International Antidumping Code:

Article 11

Antidumping duties and provisional measures shall only be applied to products which enter for consumption after the time when the decision taken under Articles 8(a) and 10(a), respectively, enters into force, except that in cases: ...

Antidumping Act, 1921, As Amended:

Section 202 (a) allows reach-back for unappraised entries made up to 120 days before question of dumping was raised.

U.S. Treasury Regulations:

Section 14.9 (a) provides that if the Withholding of Appraisement Notice finds the proper basis of comparison for fair value purposes is Exporter's Sales Price or if the notice does not specify the appropriate basis of comparison, the withholding of appraisement is retroactive 120 days before the question of dumping was raised; if purchase price is the proper basis, the withholding of appraisement starts after the date of publication of such notice.

This provision that dumping duties will no longer be assessed retroactively in cases where purchase price is controlling as the basis for comparison with foreign market value is reasonable since importers in such cases are not related by ownership or control to their foreign supplier, and hence cannot be presumed to know the home market price of the foreign supplier. 14.9 (a).

Comment:

The general rule of Article 11 is no retroactivity with certain exceptions.

Section 202 (a) of U.S. law merely sets outside limit of 120 days on retroactivity. Treasury can reduce the length of this reach-back to less than 90 days by regulation without violating U.S. law.

Retroactivity (Cont'd)

[Exception: For Duration of Provisional Measures]
[Exception: Final Duty Limited by Provisional Duty]

International Antidumping Code:

11 (i) Where a determination of material injury (but not of a threat of material injury, or of a material retardation of the establishment of an industry) is made or where the provisional measures consist of provisional duties and the dumped imports carried out during the period of their application would, in the absence of these provisional measures, have caused material injury, antidumping duties may be levied retroactively for the period for which provisional measures, if any, have been applied.

If the antidumping duty fixed in the final decision is higher than the provisionally paid duty, the difference shall not be collected. If the duty fixed in the final decision is lower than the provisionally paid duty or the amount estimated for the purpose of the security, the difference shall be reimbursed or the duty recalculated, as the case may be.

Antidumping Act, 1921, As Amended:

Section 202 (a) limits retroactivity to a reach-back for unappraised entries made up to 120 days before question of dumping was raised.

Comment:

Retroactivity is limited to the period covered by provisional measures. However, since provisional measures would have a limited 3-month life, as per Article 10 (d), the application of antidumping duties would also be limited to those products entered within the 3-month operation of provisional measures. If the investigation took longer to complete than 3 months after the start of provisional measures, all entries after the 3-month period could be dumped with impunity. Where no provisional measures were taken at all, there would seem to be no basis for any retroactivity.

Retroactivity (Cont'd)

[Exception: Unrelated Suspension]

International Antidumping Code:

11 (ii) Where appraisement is suspended for the product in question for reasons which arose before the initiation of the dumping case and which are unrelated to the question of dumping, retroactive assessment of antidumping duties may extend back to a period not more than 120 days before the submission of the complaint.

Antidumping Act, 1921, As Amended:

Section 202 does not require, as does Article 11 (ii) of the International Antidumping Code, that the 120 day reach-back before submission of the complaint only apply to entries on which appraisement was suspended "for reasons which arose before the initiation of the dumping case and which are unrelated to the question of dumping."

Comment:

Article 11 (ii) seems to make a concession to 120-day reach-back provision in U.S. law but limits this to exclude products on which appraisement was suspended after the initiation of the dumping case for reasons related to the question of dumping. Thus, any suspension of appraisement after initiation of complaint and before provisional measures (see Article 11 (i)) would not be subject to dumping duty. [This would seem to be aimed at informal withholding or "foot dragging" by appraisers sympathetic to complainant; the "workload" excuse would still seem to be unaffected because "unrelated to the question of dumping."]

Retroactivity (Cont'd)

[Exceptions: Historic and Sporadic Dumping]

International Antidumping Code:

11 (iii) Where for the dumped product in question the authorities determine

(a) either that there is a history of dumping which caused material injury or that the importer was, or should have been, aware that the exporter practices dumping and that such dumping would cause material injury, and

(b) that the material injury is caused by sporadic dumping (massive dumped imports of a product in a relatively short period) to such an extent that, in order to preclude it recurring, it appears necessary to assess an antidumping duty retroactively on those imports,

the duty may be assessed on products which were entered for consumption not more than 90 days prior to the date of application of provisional measures.

Antidumping Act, 1921, As Amended:

No special provision for historical or sporadic dumping in the U.S. law. The 90-day reach-back provision of Article 11 (iii) does not add anything not contained in the present U.S. law which allows a 120 day reach-back, except that in situations described in Section 14.9 (f) of the Treasury Regulations, where purchase price is the basis for comparison with foreign market value, retroactivity which is not allowed under Section 14.9 (f) of the Treasury Regulations would be possible under Article 11 (iii) if the importer should have known about the exporter's practice of dumping and that material injury would be caused thereby.

Comment:

As a practical matter, since provisional measures would only be initiated upon a preliminary decision of dumping and sufficient evidence of injury, any benefits of such 90-day "reach-back" may be watered down by a delay in reaching such preliminary decision. For example, if such decision is reached 30 days after complaint, the "reach-back" would only be retroactive 60 days before the complaint, etc. The Treasury could completely negate the effectiveness of this provision by delaying its preliminary decision until 90 days after complaint so that there could be no reach-back to entries made before the complaint.

Antidumping Action on Behalf of A Third Country

Article 12

International Antidumping Code:

(a) An application for antidumping action on behalf of a third country shall be made by the authorities of the third country requesting action.

(b) Such an application shall be supported by price information to show that the imports are being dumped and by detailed information to show that the alleged dumping is causing injury to the domestic industry concerned in the third country. The government of the third country shall afford all assistance to the authorities of the importing country to obtain any further information which the latter may require.

(c) The authorities of the importing country in considering such an application shall consider the effects of the alleged dumping on the industry concerned as a whole in the third country; that is to say the injury shall not be assessed in relation only to the effect of the alleged dumping on the industry's exports to the importing country or even on the industry's total exports.

(d) The decision whether or not to proceed with a case shall rest with the importing country. If the importing country decides that it is prepared to take action, the initiation of the approach to the CONTRACTING PARTIES seeking their approval for such action shall rest with the importing country.

Article VI, GATT:

6(b) The Contracting Parties may waive the requirement of subparagraph (of this paragraph so as to permit a contracting party to levy an antidumping or countervailing duty on the importation of any product for the purpose of offsett dumping or subsidization which causes or threatens material injury to an indu in the territory of another contracting party exporting the product concerned to territory of the importing contracting party.

Comment:

Although there is no comparable concept in U.S. law or regulations, by having originally subscribed to Article VI of GATT, the U.S. might be deemed to have accepted this provision in principle. Insofar as the Antidumping Act, 1921, as amended requires injury to be measured in terms of whether an "indu in the United States" is being or is likely to be injured, it would seem to requ a change in U.S. law to authorize the Tariff Commission to find injury to a th country.

Article 13
[Accession, Effective Date]

International Antidumping Code:

This Agreement shall be open for acceptance, by signature or otherwise, by contracting parties to the General Agreement and by the European Economic Community. The Agreement shall enter into force on 1 July 1968 for each party which has accepted it by that date. For each party accepting the Agreement after that date, it shall enter into force upon acceptance.

Comment:

Was signed for the United States by Ambassador Michael Blumenthal in Geneva, Switzerland on June 30, 1967.

Article 14
[Conformity to Code]

Each party to this Agreement shall take all necessary steps, of a general or particular character, to ensure, not later than the date of the entry into force of the Agreement for it, the conformity of its laws, regulations and administrative procedures with the provisions of the Antidumping Code.

Article 15
[Notice of Changes to GATT]

Each party to this Agreement shall inform the CONTRACTING PARTIES to the General Agreement of any changes in its antidumping laws and regulations and in the administration of such laws and regulations.

Article 16
[Annual Report to GATT]

Each party to this Agreement shall report to the CONTRACTING PARTIES annually on the administration of its antidumping laws and regulations, giving summaries of the cases in which antidumping duties have been assessed definitively.

Article 17
[Consultation with GATT Committee on Antidumping Practices]

The parties to this Agreement shall request the CONTRACTING PARTIES to establish a Committee on Antidumping Practices composed of representatives of the parties to this Agreement. The Committee shall normally meet once each year for the purpose of affording parties to this Agreement the opportunity of consulting on matters relating to the administration of antidumping systems in any participating country or customs territory as it might affect the operation of the Antidumping Code or the furtherance of its objectives. Such consultations shall be without prejudice to Articles XXII and XXIII of the General Agreement.

Appendix A

TITLE OF ARTICLE	MANDATORY	PERMISSIVE	AFFECTED INVESTIGATION
8. Imposition & Collection of Anti-dumping Duties	8 (a) [Part] Discretion of Authorities	8 (a) [Part] Discretion of Authorities	Dumping, Injury
	(b) [Part] Suppliers Named	(b) [Part] Suppliers Named	Dumping
	(c) Duties Limited by Dumping Margin		Dumping
	(d) [Part] Basic Price System	(d) [Part] Basic Price System	Dumping
	(e) [Part] Dumping Cessation in Regional Markets	(e) [Part] Dumping Cessation in Regional Markets	Injury
9. Duration of Dumping Duties	9 (a) & (b) Duration of Dumping Duties		Dumping, Injury
10. Provisional Measures	10 (a) Preliminary Decision Required		Dumping, Injury
		10 (b) Forms of Provisional Measures	Dumping
	(c) Notice of Provisional Measures		Dumping
	(d) Time Limit on Provisional Measures		Dumping, Injury
	(e) Other Limits on Provisional Measures		
11. Retroactivity	11 General Rule		Dumping
	11 (i) [Part] Exception:Final Duty Limited by Provisional Duty	11 (i) [Part] Exception: For Duration of Provisional Measures	Dumping, Injury
		11(ii) Exception: Unrelated Suspension	Dumping
		(iii) Historic and Sporadic Dumping	Dumping, Injury
12. Antidumping Action on Behalf of a Third Country	12 (a) (b) (c)	12 (d) Implementation of Article 12	Dumping, Injury
13 -17 Final Provisions	13 Accession; Effective Date		
	14 Conforming to Code		
	15 Notice of Changes to GATT		
	16 Annual Report to GATT		
	17 Consultation with GATT Committee on Antidumping Practices		

International Antidumping Code
Tabular Summary of Mandatory and Permissive Provisions

TITLE OF ARTICLE	MANDATORY	PERMISSIVE	AFFECTED INVESTIGATION
1. Antidumping Code	Code, the Exclusive Remedy		Dumping, Injury
2. Determination of Dumping	2 (a) Fair Value v. Normal Value		Dumping
	(b) Like Product		Dumping, Injury
		2 (c) Trans-shipments	Dumping
	2 (d) [Part] 3rd Country Sales	(d) [Part] 3rd Country Sales	Dumping
		(e) Unreliable Prices	Dumping
	(f) [Part] Adjustments for Differences	(f) [Part] Unreliable Prices	Dumping
		(g) State Trading Monopolies	Dumping
3. Determination of Material Injury, Threat of Material Injury and Material Retardation	3 (a) Principal Cause of Material Injury		Injury
	(b) Forms of Injury		Injury
	(c) Contributing Cause		Injury
	(d) Competitive Product Market		Injury
	(e) Threat of Injury		Injury
	(f) Threat of Injury		Injury
4. Definition of Industry	4 (a) [Part] National Markets	4 (a) [Part] Regional Markets	Injury
	(b) Integrated-Countries Markets		Injury
	(c) Geographic/Product Markets		Injury
5. Initiation & Subsequent Investigation		5 (a) Substantiation of Complaint	Dumping, Injury
	5 (b) [Part] Simultaneous Dumping & Injury Investigations	(b) Simultaneous Dumping and Injury Investigations	Dumping, Injury
	(c) [Part] Dismissal of Insubstantial Complaints	(c) [Part] Dismissal of Insubstantial Complaints	Dumping, Injury
	(d) No Customs Clearance Delay		Dumping
6. Evidence	6 (a) Right to Present Evidence		Dumping, Injury
	(b) Right to Examine Evidence		Dumping, Injury
	(c) Confidential Information		Dumping, Injury
		(d) Confidentiality Unwarranted	Dumping, Injury
		(e) Foreign Investigations	Dumping
	(f) [Part] Notice of Investigation	(f) [Part] Notice of Investigation	Dumping
	(g) Confrontation & Rebuttal		Dumping, Injury
	(h) Notice of Determination		Dumping
		(i) Preliminary Determinations	Dumping, Injury
7. Price Undertakings		7 (a) Conditions for Terminating Investigations	Dumping, Injury
	7 (b) [Part] Exceptions & Consequences	(b) [Part] Exceptions and Consequences	Dumping, Injury

Appendix B

AGREEMENT ON IMPLEMENTATION OF ARTICLE VI OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE

The parties to this Agreement,

Considering that Ministers on 21 May 1963 agreed that a significant liberalization of world trade was desirable and that the comprehensive trade negotiations, the 1964 Trade Negotiations, should deal not only with tariffs but also with non-tariff barriers;

Recognizing that anti-dumping practices should not constitute an unjustifiable impediment to international trade and that anti-dumping duties may be applied against dumping only if such dumping causes or threatens material injury to an established industry or materially retards the establishment of an industry;

Considering that it is desirable to provide for equitable and open procedures as the basis for a full examination of dumping cases; and

Desiring to interpret the provisions of Article VI of the General Agreement and to elaborate rules for their application in order to provide greater uniformity and certainty in their implementation;

Hereby agree as follows:

PART I - ANTI-DUMPING CODE

Article 1

The imposition of an anti-dumping duty is a measure to be taken only under the circumstances provided for in Article VI of the General Agreement. The following provisions govern the application of this Article, in so far as action is taken under anti-dumping legislation or regulations.

A. DETERMINATION OF DUMPING

Article 2

(a) For the purpose of this Code a product is to be considered as being dumped, i.e. introduced into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country.

(b) Throughout this Code the term "like product" ("produit similaire") shall be interpreted to mean a product which is identical, i.e. alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration.

(c) In the case where products are not imported directly from the country of origin but are exported to the country of importation from an intermediate country, the price at which the products are sold from the country of export to the country of importation shall normally be compared with the comparable price in the country of export. However, comparison may be made with the price in the country of origin, if, for example, the products are merely trans-shipped through the country of export, or such products are not produced in the country of export, or there is no comparable price for them in the country of export.

(d) When there are no sales of the like product in the ordinary course of trade in the domestic market of the exporting country or when, because of the particular market situation, such sales do not permit a proper comparison, the margin of dumping shall be determined by comparison with a comparable price of the like product when exported to any third country which may be the highest such export price but should be a representative price, or with the cost of production in the country of origin plus a reasonable amount for administrative, selling and any other costs and for profits. As a general rule, the addition for profit shall not exceed the profit normally realized on sales of products of the same general category in the domestic market of the country of origin.

(e) In cases where there is no export price or where it appears to the authorities[1] concerned that the export price is unreliable because of association or a compensatory arrangement between the exporter and the importer or a third party, the export price may be constructed on the basis of the price at which the imported products are first resold to an independent buyer, or if the products are not resold to an independent buyer, or not resold in the condition as imported, on such reasonable basis as the authorities may determine.

(f) In order to effect a fair comparison between the export price and the domestic price in the exporting country (or the country of origin) or, if applicable, the price established pursuant to the provisions of Article VI:1(b) of the General Agreement, the two prices shall be compared at the same level of trade, normally at the ex factory level, and in respect of sales made at as nearly as possible the same time. Due allowance shall be made in each case, on its merits, for the differences in conditions and terms of sale, for the differences in taxation, and for the other differences affecting price comparability. In the cases referred to in Article 2(e) allowance for costs, including duties and taxes, incurred between importation and resale, and for profits accruing, should also be made.

(g) This Article is without prejudice to the second Supplementary Provision to paragraph 1 of Article VI in Annex I of the General Agreement.

---

[1] When in this Code the term "authorities" is used, it shall be interpreted as meaning authorities at an appropriate, senior level.

B. DETERMINATION OF MATERIAL INJURY, THREAT OF MATERIAL INJURY AND MATERIAL RETARDATION

Article 3

Determination of Injury[1]

(a) A determination of injury shall be made only when the authorities concerned are satisfied that the dumped imports are demonstrably the principal cause of material injury or of threat of material injury to a domestic industry or the principal cause of material retardation of the establishment of such an industry. In reaching their decision the authorities shall weigh, on one hand, the effect of the dumping and, on the other hand, all other factors taken together which may be adversely affecting the industry. The determination shall in all cases be based on positive findings and not on mere allegations or hypothetical possibilities. In the case of retarding the establishment of a new industry in the country of importation, convincing evidence of the forthcoming establishment of an industry must be shown, for example that the plans for a new industry have reached a fairly advanced stage, a factory is being constructed or machinery has been ordered.

(b) The valuation of injury - that is the evaluation of the effects of the dumped imports on the industry in question - shall be based on examination of all factors having a bearing on the state of the industry in question, such as: development and prospects with regard to turnover, market share, profits, prices (including the extent to which the delivered, duty-paid price is lower or higher than the comparable price for the like product prevailing in the course of normal commercial transactions in the importing country), export performance, employment, volume of dumped and other imports, utilization of capacity of domestic industry, and productivity; and restrictive trade practices. No one or several of these factors can necessarily give decisive guidance.

(c) In order to establish whether dumped imports have caused injury, all other factors which, individually or in combination, may be adversely affecting the industry shall be examined, for example: the volume and prices of undumped imports of the product in question, competition between the domestic producers themselves, contraction in demand due to substitution of other products or to changes in consumer tastes.

---

[1] When in this Code the term "injury" is used, it shall, unless otherwise specified, be interpreted as covering cause of material injury to a domestic industry, threat of material injury to a domestic industry or material retardation of the establishment of such an industry.

(d) The effect of the dumped imports shall be assessed in relation to the domestic production of the like product when available data permit the separate identification of production in terms of such criteria as: the production process, the producers' realizations, profits. When the domestic production of the like product has no separate identity in these terms the effect of the dumped imports shall be assessed by the examination of the production of the narrowest group or range of products, which includes the like product, for which the necessary information can be provided.

(e) A determination of threat of material injury shall be based on facts and not merely on allegation, conjecture or remote possibility. The change in circumstances which would create a situation in which the dumping would cause material injury must be clearly foreseen and imminent.[1]

(f) With respect to cases where material injury is threatened by dumped imports, the application of anti-dumping measures shall be studied and decided with special care.

Article 4

Definition of Industry

(a) In determining injury the term "domestic industry" shall be interpreted as referring to the domestic producers as a whole of the like products or to those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products except that

(i) when producers are importers of the allegedly dumped product the industry may be interpreted as referring to the rest of the producers;

(ii) in exceptional circumstances a country may, for the production in question, be divided into two or more competitive markets and the producers within each market regarded as a separate industry, if, because of transport costs, all the producers within such a market sell all or almost all of their production of the product in question in that market, and none, or almost none, of the product in question produced elsewhere in the country is sold in that market or if there exist special regional marketing conditions (for example, traditional patterns of distribution or consumer tastes) which result in an equal degree of isolation of the producers in such a market

---

[1] One example, though not an exclusive one, is that there is convincing reason to believe that there will be, in the immediate future, substantially increased importations of the product at dumped prices.

from the rest of the industry, provided, however, that injury may be found in such circumstances only if there is injury to all or almost all of the total production of the product in the market as defined.

(b) Where two or more countries have reached such a level of integration that they have the characteristics of a single, unified market, the industry in the entire area of integration shall be taken to be the industry referred to in Article 4(a).

(c) The provisions of Article 3(d) shall be applicable to this Article.

C. INVESTIGATION AND ADMINISTRATION PROCEDURES

Article 5

Initiation and Subsequent Investigation

(a) Investigations shall normally be initiated upon a request on behalf of the industry[1] affected, supported by evidence both of dumping and of injury resulting therefrom for this industry. If in special circumstances the authorities concerned decide to initiate an investigation without having received such a request, they shall proceed only if they have evidence both on dumping and on injury resulting therefrom.

(b) Upon initiation of an investigation and thereafter, the evidence of both dumping and injury should be considered simultaneously. In any event the evidence of both dumping and injury shall be considered simultaneously in the decision whether or not to initiate an investigation, and thereafter, during the course of the investigation, starting on a date not later than the earliest date on which provisional measures may be applied, except in the cases provided for in Article 10(d) in which the authorities accept the request of the exporter and the importer.

(c) An application shall be rejected and an investigation shall be terminated promptly as soon as the authorities concerned are satisfied that there is not sufficient evidence of either dumping or of injury to justify proceeding with the case. There should be immediate termination in cases where the margin of dumping or the volume of dumped imports, actual or potential, or the injury is negligible.

(d) An anti-dumping proceeding shall not hinder the procedures of customs clearance.

---

[1] As defined in Article 4.

Article 6

Evidence

(a) The foreign suppliers and all other interested parties shall be given ample opportunity to present in writing all evidence that they consider useful in respect to the anti-dumping investigation in question. They shall also have the right, on justification, to present evidence orally.

(b) The authorities concerned shall provide opportunities for the complainant and the importers and exporters known to be concerned and the governments of the exporting countries, to see all information that is relevant to the presentation of their cases, that is not confidential as defined in paragraph (c) below, and that is used by the authorities in an anti-dumping investigation, and to prepare presentations on the basis of this information.

(c) All information which is by nature confidential (for example, because its disclosure would be of significant competitive advantage to a competitor or because its disclosure would have a significantly adverse effect upon a person supplying the information or upon a person from whom he acquired the information) or which is provided on a confidential basis by parties to an anti-dumping investigation shall be treated as strictly confidential by the authorities concerned who shall not reveal it, without specific permission of the party submitting such information.

(d) However, if the authorities concerned find that a request for confidentiality is not warranted and if the supplier is either unwilling to make the information public or to authorize its disclosure in generalized or summary form, the authorities would be free to disregard such information unless it can be demonstrated to their satisfaction from appropriate sources that the information is correct.

(e) In order to verify information provided or to obtain further details the authorities may carry out investigations in other countries as required, provided they obtain the agreement of the firms concerned and provided they notify the representatives of the government of the country in question and unless the latter object to the investigation.

(f) Once the competent authorities are satisfied that there is sufficient evidence to justify initiating an anti-dumping investigation pursuant to Article 5 representatives of the exporting country and the exporters and importers known to be concerned shall be notified and a public notice may be published.

(g) Throughout the anti-dumping investigation all parties shall have a full opportunity for the defence of their interests. To this end, the authorities concerned shall, on request, provide opportunities for all directly interested parties to meet those parties with adverse interests, so

that opposing views may be presented and rebuttal arguments offered. Provision of such opportunities must take account of the need to preserve confidentiality and of the convenience to the parties. There shall be no obligation on any party to attend a meeting and failure to do so shall not be prejudicial to that party's case.

(h) The authorities concerned shall notify representatives of the exporting country and the directly interested parties of their decisions regarding imposition or non-imposition of anti-dumping duties, indicating the reasons for such decisions and the criteria applied, and shall, unless there are special reasons against doing so, make public the decisions.

(i) The provisions of this Article shall not preclude the authorities from reaching preliminary determinations, affirmative or negative, or from applying provisional measures expeditiously. In cases in which any interested party withholds the necessary information, a final finding, affirmative or negative, may be made on the basis of the facts available.

Article 7

Price Undertakings

(a) Anti-dumping proceedings may be terminated without imposition of anti-dumping duties or provisional measures upon receipt of a voluntary undertaking by the exporters to revise their prices so that the margin of dumping is eliminated or to cease to export to the area in question at dumped prices if the authorities concerned consider this practicable, e.g. if the number of exporters or potential exporters of the product in question is not too great and/or if the trading practices are suitable.

(b) If the exporters concerned undertake during the examination of a case, to revise prices or to cease to export the product in question, and the authorities concerned accept the undertaking, the investigation of injury shall nevertheless be completed if the exporters so desire or the authorities concerned so decide. If a determination of no injury is made, the undertaking given by the exporters shall automatically lapse unless the exporters state that it shall not lapse. The fact that exporters do not offer to give such undertakings during the period of investigation, or do not accept an invitation made by the investigating authorities to do so, shall in no way be prejudicial to the consideration of the case. However, the authorities are of course free to determine that a threat of injury is more likely to be realized if the dumped imports continue.

D. ANTI-DUMPING DUTIES AND PROVISIONAL MEASURES

Article 8

Imposition and Collection of Anti-Dumping Duties

(a) The decision whether or not to impose an anti-dumping duty in cases where all requirements for the imposition have been fulfilled and the decision whether the amount of the anti-dumping duty to be imposed shall be the full margin of dumping or less, are decisions to be made by the authorities of the importing country or customs territory. It is desirable that the imposition be permissive in all countries or customs territories parties to this Agreement, and that the duty be less than the margin, if such lesser duty would be adequate to remove the injury to the domestic industry.

(b) When an anti-dumping duty is imposed in respect of any product, such anti-dumping duty shall be levied, in the appropriate amounts in each case, on a non-discriminatory basis on imports of such product from all sources found to be dumped and causing injury. The authorities shall name the supplier or suppliers of the product concerned. If, however, several suppliers from the same country are involved, and it is impracticable to name all these suppliers, the authorities may name the supplying country concerned. If several suppliers from more than one country are involved, the authorities may name either all the suppliers involved, or, if this is impracticable, all the supplying countries involved.

(c) The amount of the anti-dumping duty must not exceed the margin of dumping as established under Article 2. Therefore, if subsequent to the application of the anti-dumping duty it is found that the duty so collected exceeds the actual dumping margin, the amount in excess of the margin shall be reimbursed as quickly as possible.

(d) Within a basic price system the following rules shall apply provided that their application is consistent with the other provisions of this Code:

If several suppliers from one or more countries are involved, anti-dumping duties may be imposed on imports of the product in question found to have been dumped and to be causing injury from the country or countries concerned, the duty being equivalent to the amount by which the export price is less than the basic price established for this purpose, not exceeding the lowest normal price in the supplying country or countries where normal conditions of competition are prevailing. It is understood that for products which are sold below this already established basic price a new anti-dumping investigation shall be carried out in each particular case, when so demanded by the interested parties and the demand is supported by relevant evidence. In cases where no dumping is found, anti-dumping duties collected shall be reimbursed as quickly as possible. Furthermore, if it can be found that the duty so collected exceeds the actual dumping margin, the amount in excess of the margin shall be reimbursed as quickly as possible.

(e) When the industry has been interpreted as referring to the producers in a certain area, i.e. a market as defined in Article 4(a)(ii), anti-dumping duties shall only be definitively collected on the products in question consigned for final consumption to that area, except in cases where the exporter shall, prior to the imposition of anti-dumping duties, be given an opportunity to cease dumping in the area concerned. In such cases, if an adequate assurance to this effect is promptly given, anti-dumping duties shall not be imposed, provided, however, that if the assurance is not given or is not fulfilled, the duties may be imposed without limitation to an area.

Article 9

Duration of Anti-Dumping Duties

(a) An anti-dumping duty shall remain in force only as long as it is necessary in order to counteract dumping which is causing injury.

(b) The authorities concerned shall review the need for the continued imposition of the duty, where warranted, on their own initiative or if interested suppliers or importers of the product so request and submit information substantiating the need for review.

Article 10

Provisional Measures

(a) Provisional measures may be taken only when a preliminary decision has been taken that there is dumping and when there is sufficient evidence of injury.

(b) Provisional measures may take the form of a provisional duty or, preferably, a security - by deposit or bond - equal to the amount of the anti-dumping duty provisionally estimated, being not greater than the provisionally estimated margin of dumping. Withholding of appraisement is an appropriate provisional measure provided that the normal duty and the estimated amount of the anti-dumping duty be indicated and as long as the withholding of appraisement is subject to the same conditions as other provisional measures.

(c) The authorities concerned shall inform representatives of the exporting country and the directly interested parties of their decisions regarding imposition of provisional measures indicating the reasons for such decisions and the criteria applied, and shall, unless there are special reasons against doing so, make public such decisions.

(d) The imposition of provisional measures shall be limited to as short a period as possible. More specifically, provisional measures shall not be imposed for a period longer than three months or, on decision of the authorities concerned upon request by the exporter and the importer, six months.

(e) The relevant provisions of Article 8 shall be followed in the application of provisional measures.

Article 11

Retroactivity

Anti-dumping duties and provisional measures shall only be applied to products which enter for consumption after the time when the decision taken under Articles 8(a) and 10(a), respectively, enters into force, except that in cases:

(i) Where a determination of material injury (but not or a threat of material injury, or of a material retardation of the establishment of an industry) is made or where the provisional measures consist of provisional duties and the dumped imports carried out during the period of their application would, in the absence of these provisional measures, have caused material injury, anti-dumping duties may be levied retroactively for the period for which provisional measures, if any, have been applied.

If the anti-dumping duty fixed in the final decision is higher than the provisionally paid duty, the difference shall not be collected. If the duty fixed in the final decision is lower than the provisionally paid duty or the amount estimated for the purpose of the security, the difference shall be reimbursed or the duty recalculated, as the case may be.

(ii) Where appraisement is suspended for the product in question for reasons which arose before the initiation of the dumping case and which are unrelated to the question of dumping, retroactive assessment of anti-dumping duties may extend back to a period not more than 120 days before the submission of the complaint.

(iii) Where for the dumped product in question the authorities determine

(a) either that there is a history of dumping which caused material injury or that the importer was, or should have been, aware that the exporter practices dumping and that such dumping would cause material injury, and

(b) that the material injury is caused by sporadic dumping (massive dumped imports of a product in a relatively short period) to such an extent that, in order to preclude it recurring, it appears necessary to assess an anti-dumping duty retroactively on those imports.

the duty may be assessed on products which were entered for consumption not more than 90 days prior to the date of application of provisional measures.

E. ANTI-DUMPING ACTION ON BEHALF OF A THIRD COUNTRY

Article 12

(a) An application for anti-dumping action on behalf of a third country shall be made by the authorities of the third country requesting action.

(b) Such an application shall be supported by price information to show that the imports are being dumped and by detailed information to show that the alleged dumping is causing injury to the domestic industry concerned in the third country. The government of the third country shall afford all assistance to the authorities of the importing country to obtain any further information which the latter may require.

(c) The authorities of the importing country in considering such an application shall consider the effects of the alleged dumping on the industry concerned as a whole in the third country; that is to say the injury shall not be assessed in relation only to the effect of the alleged dumping on the industry's exports to the importing country or even on the industry's total exports.

(d) The decision whether or not to proceed with a case shall rest with the importing country. If the importing country decides that it is prepared to take action, the initiation of the approach to the CONTRACTING PARTIES seeking their approval for such action shall rest with the importing country.

PART II - FINAL PROVISIONS

Article 13

This Agreement shall be open for acceptance, by signature or otherwise, by contracting parties to the General Agreement and by the European Economic Community. The Agreement shall enter into force on 1 July 1968 for each party which has accepted it by that date. For each party accepting the Agreement after that date, it shall enter into force upon acceptance.

Article 14

Each party to this Agreement shall take all necessary steps, of a general or particular character, to ensure, not later than the date of the entry into force of the Agreement for it, the conformity of its laws, regulations and administrative procedures with the provisions of the Anti-Dumping Code.

Article 15

Each party to this Agreement shall inform the CONTRACTING PARTIES to the General Agreement of any changes in its anti-dumping laws and regulations and in the administration of such laws and regulations.

Article 16

Each party to this Agreement shall report to the CONTRACTING PARTIES annually on the administration of its anti-dumping laws and regulations, giving summaries of the cases in which anti-dumping duties have been assessed definitively.

Article 17

The parties to this Agreement shall request the CONTRACTING PARTIES to establish a Committee on Anti-Dumping Practices composed of representatives of the parties to this Agreement. The Committee shall normally meet once each year for the purpose of affording parties to this Agreement the opportunity of consulting on matters relating to the administration of anti-dumping systems in any participating country or customs territory as it might affect the operation of the Anti-Dumping Code or the furtherance of its objectives. Such consultations shall be without prejudice to Articles XXII and XXIII of the General Agreement.

This Agreement shall be deposited with the Director-General to the CONTRACTING PARTIES who shall promptly furnish a certified copy thereof and a notification of each acceptance thereof to each contracting party to the General Agreement and to the European Economic Community.

This Agreement shall be registered in accordance with the provisions of Article 102 of the Charter of the United Nations.

DONE at Geneva this thirtieth day of June, one thousand nine hundred and sixty-seven, in a single copy, in the English and French languages, both texts being authentic.

Appendix C

THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)

* * *

Article VI

Anti-dumping and Countervailing Duties

1. The contracting parties recognize that dumping, by which products of one country are introduced into the commerce of another country at less than the normal value of the products, is to be condemned if it causes or threatens material injury to an established industry in the territory of a contracting party or materially retards the establishment of a domestic industry. For the purposes of this Article, a product is to be considered as being introduced into the commerce of an importing country at less than its normal value, if the price of the product exported from one country to another

(a) is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country, or,
(b) in the absence of such domestic price, is less than either
  (i) the highest comparable price for the like product for export to any third country in the ordinary course of trade, or
  (ii) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

Due allowance shall be made in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.

2. In order to offset or prevent dumping, a contracting party may levy on any dumped product an anti-dumping duty not greater in amount than the margin of dumping in respect of such product. For the purposes of this Article, the margin of dumping is the price difference determined in accordance with the provisions of paragraph 1.

3. No countervailing duty shall be levied on any product of the territory of any contracting party imported into the territory of another contracting party in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly or indirectly, upon the manufacture, production or export of any merchandise.

4. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to anti-dumping or countervailing duty by reason of the exemption of such product from duties or taxes borne by the like product when destined for consumption in the country of origin or exportation, or by reason of the refund of such duties or taxes.

5. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to both anti-dumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

6. (a) No contracting party shall levy any anti-dumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry.

(b) The CONTRACTING PARTIES may waive the requirement of sub-paragraph (a) of this paragraph so as to permit a contracting party to levy an anti-dumping or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party. The CONTRACTING PARTIES shall waive the requirements of sub-paragraph (a) of this paragraph, so as to permit the levying of a countervailing duty, in cases in which they find that a subsidy is causing or threatening material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party.

(c) In exceptional circumstances, however, where delay might cause damage which would be difficult to repair, a contracting party may levy a countervailing duty for the purpose referred to in sub-paragraph (b) of this paragraph without the prior approval of the CONTRACTING PARTIES; Provided that such action shall be reported immediately to the CONTRACTING PARTIES and that the countervailing duty shall be withdrawn promptly if the CONTRACTING PARTIES disapprove.

7. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the commodity for export at a price lower than the comparable price charged for the like commodity to buyers in the domestic market, shall be presumed not to result in material injury within the meaning of paragraph 6 if it is determined by consultation among the contracting parties substantially interested in the commodity concerned that:

(a) the system has also resulted in the sale of the commodity for export at a price higher than the comparable price charged for the like commodity to buyers in the domestic market, and
(b) the system is so operated, either because of the effective regulation of production, or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other contracting parties.

Appendix D

NOTE

The Antidumping Act, 1921, as amended is set out as footnote 14 on pages 17 through 25

CUSTOMS REGULATIONS

RELATING TO

PROCEDURES UNDER

THE

ANTIDUMPING ACT, 1921

AS AMENDED

Revised December 1964

Part 14 -- APPRAISEMENT

14.6 Suspected Dumping -- (a) If any appraiser or other principal customs officer has knowledge of any grounds for a reason to believe or suspect that any merchandise is being, or is likely to be, imported into the United States at a purchase price or exporter's sales price less than the foreign market value (or, in the absence of such value, than the constructed value), as contemplated by section 201(b) Antidumping Act, 1921, as amended[14] (19 U.S.C. 160(b)), or at less than its "fair value" as that term is defined in section 14.7, he shall communicate his belief or suspicion promptly to the Commissioner of Customs. Every such communication shall contain or be accompanied by a statement of substantially the same information as required in paragraph (b), if in the possession of the appraiser or other officer or readily available to him.

(b) Any person outside the Customs Service who has information that merchandise is being, or is likely to be, imported into the United States under such circumstances as to bring it within the purview of the Antidumping Act, 1921, as amended,[14] may communicate such information in writing to the Commissioner of Customs. Every such communication shall contain or be accompanied by the following:

(1) A detailed description or sample of the merchandise; the name of the country from which it is being, or is likely to be, imported; the name of the exporter or exporters and producer or producers, if known; and the ports or probable ports of importation into the United States. If no sample is furnished, the Bureau of Customs may call upon the person who furnished the information to furnish samples of the imported and competitive domestic articles, or either.

(2) Such detailed data as are reasonably available with respect to values and prices indicating that such merchandise is being, or is likely to be, sold in the United States at less than its fair value, within the meaning of the Antidumping Act, 1921, as amended, including information as to any differences between the foreign market value or constructed value and the purchase price or exporter's sales price which may be accounted for by any difference in taxes, discounts, incidental costs such as those for packing or freight, or other items.

(3) Such information as is reasonably available to the person furnishing the information as to the total value and volume of domestic production of the merchandise in question.

(4) Such suggestions as the person furnishing the information may have as to specific avenues of investigation to be pursued or questions to be asked in seeking pertinent information.

(c) If any information filed pursuant to paragraph (b) does not conform with the requirements of that paragraph, the Commissioner shall return the communication to the person who submitted it with detailed written advice as to the respects in which it does not conform.

(d)(1) Upon receipt pursuant to paragraph (a) or (b) of this section of information in proper form,

(i) the Commissioner shall conduct a summary investigation. If he determines that the information is patently in error or that the merchandise is not being and is not likely to be imported in more than insignificant quantities he shall so advise the person who submitted the information and the case shall be closed. Otherwise, the Commissioner shall publish a notice in the Federal Register that information in proper form has been received pursuant to paragraph (a) or (b) of this section. This notice, which may be referred to as the "Antidumping Proceeding Notice," will specify whether the information relates to all shipments of the merchandise in question from an exporting country, or only to shipments by certain persons or firms; in the latter case, only the names of such persons and firms will be specified. The notice shall also specify the date on which information in proper form was received and that date shall be the date on which the question of dumping was raised or presented for purposes of sections 201(b) and 202(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(b) and 161(a)). The notice shall also contain a summary of the information received. If a person outside the Customs Service raised or presented the question of dumping, his name shall be included in the notice unless a determination under section 14.6a of these regulations requires that his name not be disclosed.

ii) The Commissioner shall thereupon proceed promptly to decide whether or not reasonable grounds exist to believe or suspect that the merchandise is being, or likely to be, sold at less than its foreign market value (or, in the absence of such value, than its constructed value). To assist him in making this decision the Commissioner, in his discretion, may

conduct a brief preliminary investigation into such matters, in addition to the invoice or other papers or information presented to him, as he may deem necessary.

(2) If the Commissioner decides, after such preliminary investigation, if any, that reasonable grounds do exist to believe or suspect that the merchandise is being or is likely to be, sold at less than its foreign market value (or, in the absence of such value, than its constructed value) he will thereafter proceed, by a full-scale investigation, or otherwise, to obtain such additional information, if any, as may be necessary to enable the Secretary to reach a determination as provided by section 14.8(a).

(3) If the Commissioner decides, after such preliminary investigation, if any, that reasonable grounds do not exist to believe or suspect that the merchandise is being, or is likely to be, sold at less than its foreign market value (or in the absence of such value, than its constructed value), he will thereafter

(i) proceed, by a full-scale investigation, or otherwise, to obtain such additional information, if any, as may be necessary to enable the Secretary to reach a determination as provided by section 14.8(a), or

(ii) recommend to the Secretary that a full-scale investigation is not warranted by the facts of the case and that the case be closed by a finding of no sales at less than fair value.

(e) If the Commissioner determines pursuant to paragraph (d)(1)(ii) of this section, or in the course of an investigation under paragraph (d)(3)(i) of this section, that there are reasonable grounds to believe or suspect that any merchandise is being, or is likely to be, sold at less than its foreign market value (or, in the absence of such value, than its constructed value) under the Antidumping Act, he shall publish notice of that fact in the Federal Register, furnishing an adequate description of the merchandise, the name of each country of exportation, and the date of the receipt of the information in proper form, and shall advise all appraisers of his action. This notice may be referred to as the "Withholding of Appraisement Notice." If the belief or suspicion relates only to certain shippers or producers, the notice shall specify that this is the case and that the investigation is limited to the transactions of such shippers or producers. The notice shall also specify whether the appropriate basis of comparison for fair value purposes is purchase price or exporter's sales price if

sufficient information is available to so state; otherwise a supplementary notice will be published in the Federal Register as soon as possible which will specify which of such prices is the appropriate basis of comparison for fair value purposes. Upon receipt of such advice, the appraisers shall proceed to withhold appraisement in accordance with the pertinent provisions of section 14.9. (Secs. 201, 407, 42 Stat. 11, as amended, 18; 19 U.S.C. 160, 173.)

14.0a Disclosure of information in antidumping proceedings.--(a) Information generally available. In general, all information, but not necessarily all documents, obtained by the Treasury Department, including the Bureau of Customs, in connection with any antidumping proceeding will be available for inspection or copying by any interested person, such as the producer of the merchandise, any importer, exporter, or domestic producer of merchandise similar to that which is the subject of the proceeding. With respect to documents prepared by an officer or employee of the United States, factual material, as distinguished from recommendations and evaluations, contained in any such document will be made available by summary or otherwise on the same basis as information contained in other documents. Attention is directed to section 24.12 relating to fees charged for providing copies of documents.

(b) Requests for confidential treatment of information. Any person who submits information in connection with an antidumping proceeding may request that such information, or any specified part thereof, be held confidential. Information covered by such a request shall be set forth on separate pages from other information; and all such pages shall be clearly marked "Confidential Treatment Requested." The Commissioner of Customs or the Secretary of the Treasury or the delegate of either will determine, pursuant to paragraph (c) of this section, whether such information, or any part thereof, shall be treated as confidential. If it is so determined, the information covered by the determination will not be made available for inspection or copying by any person other than an officer or employee of the United States Government or a person who has been specifically authorized to received it by the person requesting confidential treatment. If it is determined that information submitted with such a request, or any part thereof, should not be treated as confidential, or that summarized or approximated presentations thereof should be made available for disclosure, the person who has requested confidential treatment thereof shall be promptly so advised and, unless he thereafter agrees that the information, or any specified part or summary or approximated presentations thereof, may be disclosed to all interested parties, the information will not be made available for disclosure, but to the extent that it is self-serving it will be disregarded for the purpose of the determination as to sales below fair value and no reliance shall be placed thereon in this connection.

(c) Standards for determining whether information will be regarded as confidential.

(1) Information will ordinarily be considered to be confidential only if its disclosure would be of significant competitive advantage to a competitor or would have a significantly adverse effect upon a person supplying the information or upon a person from whom he acquired the information. Further, if disclosure of information in specific terms or with identifying details would be inappropriate under this standard, the information will ordinarily be considered appropriate for disclosure in generalized, summary or approximated form, without identifying details, unless the Commissioner of Customs or the Secretary of the Treasury or the delegate of either determines that even in such generalized, summary or approximated form, such disclosure would still be of significant competitive advantage to a competitor or would still have a significantly adverse effect upon a person supplying the information or upon a person from whom he acquired the information. As indicated in (b), however, the decision that information is not entitled to protection from disclosure in its original or in another form will not lead to its disclosure unless the person supplying it consents to such disclosure.

(2) Information will ordinarily be regarded as appropriate for disclosure if it

(i) relates to price information;

(ii) relates to claimed freely available price allowances for quantity purchases; or

(iii) relates to claimed differences in circumstances of sale.

(3) Information will ordinarily be regarded as confidential if its disclosure would

(i) disclose business or trade secrets;

(ii) disclose production costs;

(iii) disclose distribution costs, except to the extent that such costs are accepted as justifying allowances for quantity or differences in circumstances of sale;

(iv) disclose the names of particular customers or the price or prices at which particular sales were made.

(Sec. 407, 42 Stat. 18; 19 U.S.C. 173.)

14.7 Fair Value.-- (a) Definition[15] -- For the purposes of section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), the fair value of the imported merchandise shall be determined as follows:

(1) Fair value based on price in country of exportation - the usual test.-- Merchandise imported into the United States will ordinarily be considered to have been sold, or to be likely to be sold, at less than fair value if the purchase price or exporter's sales price (as defined in sections 203 and 204, respectively, of the Antidumping Act, 1921, as amended (19 U.S.C. 162, 163)), as the case may be, is, or is likely to be, less than the price (as defined in section 205, after adjustment as provided for in section 202 of the Antidumping Act, 1921, as amended (19 U.S.C. 164, 161)), at which such or similar merchandise (as defined in section 212(3) of the Antidumping Act, 1921, as amended (19 U.S.C. 170a(3))) is sold for consumption in the country of exportation on or about the date of purchase or agreement to purchase of the merchandise imported into the United States if purchase price applies, or on or about the date of exportation thereof if exporter's sales price applies.

(2) Fair value based on sales for exportation to countries other than the United States.-- If, however, it is demonstrated that during a representative period the quantity of such or similar merchandise sold for consumption in the country of exportation is so small, in relation to the quantity sold for exportation to countries other than the United States, as to be an inadequate basis for comparison, then merchandise imported into the United States will ordinarily be deemed to have been sold, and to be likely to be sold, at less than fair value if the purchase price or the exporter's sales price (as defined in sections 203 and 204, respectively, of the Antidumping Act, 1921, as amended (19 U.S.C. 162, 163)), as the case may be, is, or is likely to be, less than the price (as defined in section 205, after adjustment as provided for in section 202 of the Antidumping Act, 1921, as amended (19 U.S.C. 164, 161)), at which such or similar merchandise (as defined in section 212(3) of the Antidumping Act, 1921, as amended (19 U.S.C. 170a(3))) is sold for exportation to countries other than the United States on or about the date of purchase or agreement to purchase of the merchandise imported into the United States if purchase price applies, or on or about the date of exportation thereof if exporter's sales price applies.

(3) Fair value based on constructed value.-- If the information available is deemed by the Secretary insufficient or inadequate for a determination under paragraph (a)(1) or (2) above, he will determine fair value on the basis of the constructed value as defined in section 206 of the Antidumping Act, 1921, as amended (19 U.S.C. 165).

(b) Calculation of fair value.-- In calculating fair value under section 201(a), Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), the following criteria shall be applicable:

(1) Quantities. In comparing the purchase price or exporter's sales price, as the case may be, with such applicable criteria as sales or offers, on which a determination of fair value is to be based, reasonable allowances will be made for differences in quantities if it is established to the satisfaction of the Secretary that the amount of any price differential is wholly or partly due to such differences. In determining the question of allowances for differences in quantity, consideration will be given, among other things, to the practice of the industry in the country of exportation with respect to affording in the home market (or third country markets, where sales to third countries are the basis for comparison) discounts for quantity sales which are freely available to those who purchase in the ordinary course of trade. Allowances for price discounts based on sales in large quantities ordinarily will not be made unless

(i) the exporter during the six months prior to the date when the question of dumping was raised or presented had been granting quantity discounts of at least the same magnitude with respect to 20 percent or more of such or similar merchandise which he sold in the home market (or in third country markets when sales to third countries are the basis for comparison) and that such discounts had been freely available to all purchasers, or

(ii) the exporter can demonstrate that the discounts are warranted on the basis of savings specifically attributable to the quantities involved.

(2) Circumstances of sale.-- In comparing the purchase price or exporter's sales price, as the case may be, with the sales, or other criteria applicable, on which a determination of fair value is to be based, reasonable allowances will be made for bona fide differences in circumstances of sale if it is established to the satisfaction of the Secretary that the amount of any price differential is wholly or partly due to such differences.

Differences in circumstances of sale for which such allowances will be made are limited, in general, to those circumstances which bear a reasonably direct relationship to the sales which are under consideration. Examples of differences in circumstances of sale for which reasonable allowances generally will be made are those involving differences in credit

terms, guarantees, warranties, technical assistance, servicing, and assumption by a seller of a purchaser's advertising or other selling costs. Reasonable allowances will also generally be made for differences in commissions. Except in those instances where it is clearly established that the differences in circumstances of sale bear a reasonably direct relationship to the sales which are under consideration, allowances generally will not be made for differences in research and development costs, production costs, and advertising and other selling costs of a seller unless such costs are attributable to a later sale of merchandise by a purchaser; provided that reasonable allowances for selling expenses generally will be made in cases where a reasonable allowance is made for commissions in one of the markets under consideration and no commission is paid in the other market under consideration, the amount of such allowance being limited to the actual selling expense incurred in the one market or the total amount of the commission allowed in such other market, whichever is less.

In determining the amount of the reasonable allowances for any differences in circumstances of sale, the Secretary will be guided primarily by the effect of such differences upon the market value of the merchandise but, where appropriate, may also consider the cost of such differences to the seller, as contributing to an estimate of market value.

(3) Similar merchandise. In comparing the purchase price or exporter's sales price, as the case may be, with the selling price in the home market, or for exportation to countries other than the United States, in the case of similar merchandise described in subdivisions (C), (D), (E), or (F) of section 212(3), Antidumping Act, 1921, as amended (19 U.S.C. 170a (3)), due allowance shall be made for differences in the merchandise. In this regard the Secretary will be guided primarily by the effect of such differences upon the market value of the merchandise but, when appropriate, he may also consider differences in cost of manufacture if it is established to his satisfaction that the amount of any price differential is wholly or partly due to such differences.

(4) Offering price. In the determination of fair value, offers will be considered in the absence of sales, but an offer made in circumstances in which acceptance is not reasonably to be expected will not be deemed to be an offer.

(5) Sales agency.-- If such or similar merchandise is sold or, in the absence of sales, offered for sale through a sales agency or other organization related to the seller in any of the respects described in section 207 of the Antidumping Act, 1921, as amended (19 U.S.C. 166), the price at which such or similar merchandise is sold or, in the absence of sales, offered for sale by such sales agency or other organization may be used in the determination of fair value.

(6) Fictitious sales.-- In the determination of fair value, no pretended sale or offer for sale, and no sale or offer for sale intended to establish a fictitious market, shall be taken into account.

(7) Sales at varying prices.-- Where the prices in the sales which are being examined for a determination of fair value vary (after allowances provided for in subparagraphs (1), (2), and (3) of this paragraph), determination of fair value will take into account the prices of a preponderance of the merchandise thus sold or weighted averages of the prices of the merchandise thus sold.

(8) Quantities involved and differences in price.-- Merchandise will not be deemed to have been sold at less than fair value unless the quantity involved in the sale or sales to the United States, or the difference between the purchase price or exporter's sales price, as the case may be, and the fair value, is more than insignificant. (Sec. 407, 42 Stat. 18; 19 U.S.C. 173.)

(9) Revision of prices or other changed circumstances. Whenever the Secretary of the Treasury is satisfied that promptly after the commencement of an antidumping investigation either

(i) price revisions have been made which eliminate the likelihood of sales below fair value and that there is no likelihood of resumption of the prices which prevailed before such revision, or

(ii) sales to the United States of the merchandise have terminated and will not be resumed;

or whenever the Secretary concludes that there are other changed circumstances on the basis of which it may no longer be appropriate to continue an antidumping investigation, the Secretary shall publish a notice to this effect in the Federal Register. The notice shall state the facts relied on by the Secretary in publishing the notice and that those facts are considered to be

evidence that there are not and are not likely to be sales below fair value. The notice shall also state that unless persuasive evidence or argument to the contrary is presented within 30 days the Secretary will determine that there are not and are not likely to be sales below fair value. (Sec. 407, 42 Stat. 18; 19 U.S.C. 173.)

14.8 Determination of fact or likelihood of sales at less than fair value; determination of injury; finding of dumping.-- (a) Upon receipt from the Commissioner of Customs of the information referred to in section 14.6(d), the Secretary of the Treasury will proceed as promptly as possible to determine tentatively whether or not the merchandise in question is in fact being, or is likely to be, sold in the United States or elsewhere at less than its fair value. As soon as possible the Secretary will publish in the Federal Register a "Notice of Tentative Determination," which will include a statement of the reasons on which the tentative determination is based. Interested persons will be given an opportunity to make such written submissions as they desire, within a period which will be specified in the notice, with respect to the contemplated action. Appropriate consideration will be given to any new or additional information or argument submitted. If any person believes that any information obtained by the Bureau of Customs in the course of an antidumping proceeding is inaccurate or that for any other reason the tentative determination is in error, he may request in writing that the Secretary of the Treasury afford him an opportunity to present his views in this regard. Upon receipt of such a request the Secretary will notify the person who supplied any information, the accuracy of which is questioned and such other person or persons, if any, as he in his discretion may deem to be appropriate. If the Secretary is satisfied that the circumstances so warrant, an opportunity will be afforded by the Secretary or his delegate for all such persons to appear, through their counsel or in person, accompanied by counsel if they so desire, to make known their respective points of view and to supply such further information or argument as may be of assistance in leading to a conclusion as to the accuracy of the information in question. The Secretary or his delegate may at any time, upon appropriate notice, invite any such person or persons as he in his discretion may deem to be appropriate to supply him orally with information or argument. As soon as possible thereafter, the Secretary will make a final determination, except that the Secretary may defer making an affirmative determination of sales below fair value during the pendency of any other antidumping proceeding which relates to the same class or kind of merchandise imported from another foreign country. The Secretary will defer making an affirmative determination only if he is satisfied that deferral is appropriate under all of the circumstances. Circumstances which the Secretary will take into consideration will include the dates on which information relating to the various antidumping proceedings came to his attention, the volume of sales involved in

each proceeding, elements of hardship, if any, and probable extent of delay which deferral would entail. No determination that sales are not below fair value will be deferred because of this provision. Whenever the Secretary makes a determination of sales at less than fair value he will so advise the United States Tariff Commission. (Secs. 201, 407, 42 Stat. 11, as amended, 18; 19 U.S.C. 160, 173.)

(b) If the Tariff Commission determines that there is, or is likely to be, the injury contemplated by the statute, the Secretary of the Treasury will make the finding contemplated by section 201(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(a)), with respect to the involved merchandise. (Secs. 201, 407, 42 Stat. 11, as amended, 18; 19 U.S.C. 160, 173.)

14.9 Action by the appraiser.-- (a) Upon receipt of advice from the Commissioner of Customs pursuant to section 14.6(e), if the Commissioner's "Withholding of Appraisement Notice" shall specify that the proper basis of comparison for fair value purposes is exporter's sales price or if that notice does not specify the appropriate basis of comparison for fair value purposes, each appraiser shall withhold appraisement as to such merchandise entered, or withdrawn from warehouse, for consumption, on any date after the 120th day before the question of dumping was raised by or presented to the Secretary of the Treasury or his delegate. If the Commissioner's "Withholding of Appraisement Notice," including any supplementary notice, shall specify that the proper basis of comparison for fair value purposes is purchase price, the appraiser shall withhold appraisement as to such merchandise entered, or withdrawn from warehouse, for consumption, after the date of publication of the "Withholding of Appraisement Notice." Each appraiser shall notify the collector and importer immediately of each lot of merchandise with respect to which appraisement is so withheld. Upon advice of a finding made in accordance with section 14.8(b), the appraiser shall give immediate notice thereof to the collector and the importer when any shipment subject thereto is imported after the date of the finding and information is not on hand for completion of appraisement of such shipment. Customs Form 6459 shall be used to notify the collector and importer whenever appraisement is withheld under this paragraph.

(b) If, before a finding of dumping has been made, or before a case has been closed without a finding of dumping, the appraiser is satisfied by information furnished by the importer or otherwise that the purchase price or exporter's sales price, in respect of any shipment, is not less than foreign market value (or, in the absence of such value, than the constructed value), he shall so advise the Commissioner and request authorization to proceed with his appraisement of that shipment in the usual manner.

(c) If a finding of dumping has been made, the appraiser shall require the importer or his agent to file a certificate of the importer on the appropriate one of the following forms. A separate certificate shall be required for each shipment.

Form 1. Nonexporter's Certificate
Antidumping Act, 1921

Port of _____
Date _____, 19 __

Re: Entry No. _____, dated _____, 19 __.
Import carrier: _____. Arrived _____, 19 __

I certify that I am not the exporter as defined in section 207, Antidumping Act, 1921, of the merchandise covered by the aforesaid entry. I further certify that the merchandise was purchased for importation by _____ on _____, 19 __, and that the purchase price is _____.

(Signed) _____

Form 2. Exporter's Certificate When Sales Price is Known
Antidumping Act, 1921

Port of _____
Date _____, 19 __

Re: Entry No. _____ dated _____, 19 __.
Import carrier: _____. Arrived _____, 19 __.

I certify that I am the exporter as defined in section 207, Antidumping Act, 1921, of the merchandise covered by the aforesaid entry; that the merchandise is sold or agreed to be sold at the price stated in the attached statement; and that, if any of such merchandise is actually sold at any price different from the price stated therefor in the attached statement, I will immediately notify the appraiser of all the circumstances.

The merchandise was acquired by me in the following manner: _____
and has been sold or agreed to be sold to (name and address) _____
at (price) _____.

(Signed) _____

Form 3. Exporter's Certificate When Sales Price Is Not Known

Antidumping Act, 1921

Port of _____

Date _____, 19 __

Re. Entry No. _____, dated _____, 19 __.

Import carrier: _____. Arrived _____, 19 __.

I certify that I am the exporter as defined in section 207, Antidumping Act, 1921, of the merchandise covered by the aforesaid entry, and that I have no knowledge as to any price at which such merchandise will be sold in the United States. I hereby agree that I will keep a record of the sales and will furnish the appraiser within 30 days after the sale of any of such merchandise a statement of each selling price. I further agree that, if any of the merchandise has not been sold before the expiration of 6 months from the date of entry, I will so report to the appraiser upon such expiration date.

The merchandise was acquired by me in the following manner:

_____.

(Signed) _____

Form 4. Exporter's Certificate When Merchandise Is Not, And Will Not Be, Sold

Antidumping Act, 1921

Port of _____

Date _____, 19 __

Re: Entry No. _____, dated _____, 19 __.

Import carrier: _____. Arrived _____, 19 __.

I certify that I am the exporter as defined in section 207, Antidumping Act, 1921, of the merchandise covered by the aforesaid entry, and that such merchandise has not been, and will not be, sold in the United States for the following reason: _____.

(Signed) _____

(d) If an unqualified certificate on Form 4 is filed and the appraiser is satisfied that no evidence can be obtained to contradict it, he shall notify the collector promptly that the shipment will be appraised without regard to the Antidumping Act and proceed to appraise the merchandise in the usual manner.

(e) If the importer fails to file an appropriate certificate within 30 days following notification by the appraiser that a certificate is required under paragraph (c) above, the appraiser shall proceed upon the basis of the best information available.

(f) In calculating purchase price or exporter's sales price, as the case may be, there shall be deducted the amount of any special dumping duties which are, or will be, paid by the manufacturer, producer, seller, or exporter, or which are, or will be, refunded to the importer by the manufacturer, producer, seller, or exporter, either directly or indirectly, but a warranty of nonapplicability of dumping duties granted to an importer with respect to merchandise which is

(1) purchased, or agreed to be purchased, before publication of a "Withholding of Appraisement Notice" with respect to such merchandise and

(2) exported before a determination of sales below fair value is made, will not be regarded as affecting purchase price or exporter's sales price. (Secs. 201, 202, 203, 204, 208, 407, 42 Stat. 11, as amended, 12, 13, 14, 18, sec. 486, 46 Stat. 725, as amended; 19 U.S.C. 160, 161, 162, 163, 167, 173, 1486.)

14.10 Release of merchandise; bond.-- (a) When the collector has received a notice of withheld appraisement provided for in section 14.9(a), or when he has been advised of a finding provided for in section 14.8(b), and so long as such notice or finding is in effect, he shall withhold release of any merchandise of a class of kind covered by such notice or finding which is then in his custody or is thereafter imported, unless an appropriate bond is filed or is on file, as specified hereafter in this section, or unless he is advised by the appraiser that the merchandise covered by a specified entry will be appraised without regard to the Antidumping Act.

(b) If the merchandise is of a class or kind covered by a notice of withheld appraisement provided for in section 14.9(a) or by a finding provided for in section 14.8(b), a single consumption entry bond covering the shipment, in addition to any other required bond, shall be furnished by the person making the entry or withdrawal, unless

(1) a bond is required under subsection (c), or

(2) in cases in which there is no such requirement the collector is satisfied that the bond under which the entry was filed is sufficient. The penalty of any additional bond required under this subsection shall be in such amount as will assure payment of any special duty that may accrue by reason of the Antidumping Act, but in no case less than $100.

(c) If the merchandise is of a class or kind covered by a finding provided for in section 14.8(b) and the importer or his agent has filed a certificate on Form 3 (section 14.9(c)), the bond required by section 208 of the Antidumping Act, 1921, as amended (19 U.S.C. 167), shall be on customs Form 7591. In such case, a separate bond shall be required for each entry or withdrawal, and such bond shall be in addition to any other bond required by law or regulation. The record of sales required under the conditions of the bond of customs Form 7591 shall identify the entry covering the merchandise and show the name and address of each purchaser, each selling price, and the date of each sale. The penalty of such bond shall be in an amount equal to the estimated value of the merchandise covered by the finding. (Secs. 208, 407, 42 Stat. 14, 18; 19 U.S.C. 167, 173.)

14.11 Conversion of currencies.-- In determining the existence and amount of any difference between the purchase price or exporter's sales price and the foreign market value (or, in the absence of such value, the constructed value) for the purposes of section 14.7 of these regulations, or of section 201(b) or 202(a) of the Antidumping Act, 1921, as amended (19 U.S.C. 160(b), 161(a)), any necessary conversion

of a foreign currency into its equivalent in United States currency shall be made in accordance with the provisions of section 522, Tariff Act of 1930, as amended (31 U.S.C. 372) and section 16.4 of these regulations, (a) as of the date of purchase or agreement to purchase, if the purchase price is an element of the comparison, or (b) as of the date of exportation, if the exporter's sales price is an element of the comparison. (Secs. 201, 202, 407, 42 Stat. 11, as amended, 18; 19 U.S.C. 160, 161, 173.)

14.12 Modification or revocation of finding.-- An application for the modification or revocation of any finding made as provided for in section 14.8(b) will receive due consideration if submitted in writing to the Commissioner of Customs, together with detailed information concerning any change in circumstances or practice which has obtained for a substantial period of time, or other reasons, which the applicant believes will establish that the basis for the finding no longer exists with respect to all or any part of the merchandise covered thereby. Notice of intent to modify or revoke a finding will be published by the Secretary in the Federal Register. Comments received from interested parties within 30 days following date of publication will be given consideration. (Secs. 201, 407, 42 Stat. 11, as amended, 18; 19 U.S.C. 160, 173.)

14.13 Publication of findings.-- (a) Each determination made in accordance with section 14.8(a), whether such determination is in the affirmative or in the negative, and each finding made in accordance with section 14.8(b), will be published in the Federal Register, together with a statement of the reasons therefor. Findings made in accordance with section 14.8(b) will be published also in a weekly issue of the Treasury Decisions.

(b) The following findings of dumping are currently in effect:

Merchandise	Country	T.D.
Chromic acid	Australia	56130
Portland cement, other than white, nonstaining portland cement	Belgium	55428
	Dominican Republic	55883
	Sweden	55369
Portland gray cement	Portugal	55501
Steel reinforcing bars	Canada	56150
Carbon steel bars, bars-shapes under 3 inches, and structural shapes 3 inches and over	Canada	56264

(Secs. 201, 407, 42 Stat. 11, as amended, 18; 19 U.S.C. 160, 173.)

14 "Sec. 201. (a) Whenever the Secretary of the Treasury (hereinafter called the "Secretary") determines that a class or kind of foreign merchandise is being, or is likely to be, sold in the United States or elsewhere at less than its fair value, he shall so advise the United States Tariff Commission, and the said Commission shall determine within three months thereafter whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States. The said Commission, after such investigation as it deems necessary, shall notify the Secretary of its determination, and, if that determination is in the affirmative, the Secretary shall make public a notice (hereinafter in this Act called a "finding") of his determination and the determination of the said Commission. For the purposes of this subsection, the said Commission shall be deemed to have made an affirmative determination if the Commissioners of the said Commission voting are evenly divided as to whether its determination should be in the affirmative or in the negative. The Secretary's finding shall include a description of the class or kind of merchandise to which it applies in such detail as he shall deem necessary for the guidance of customs officers.

"(b) Whenever, in the case of any imported merchandise of a class or kind as to which the Secretary has not so made public a finding, the Secretary has reason to believe or suspect, from the invoice or other papers or from information presented to him or to any person to whom authority under this section has been delegated, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the constructed value), he shall forthwith publish notice of that fact in the Federal Register and shall authorize, under such regulations as he may prescribe, the withholding of appraisement reports as to such merchandise entered, or withdrawn from warehouse, for consumption, not more than one hundred and twenty days before the question of dumping has been raised by or presented to him or any person to whom authority under this section has been delegated, until the further order of the Secretary, or until the Secretary has made public a finding as provided for in subdivision (a) in regard to such merchandise.

"(c) The Secretary, upon determining whether foreign merchandise is being, or is likely to be, sold in the United States at less than its fair value, and the United States Tariff Commission, upon making its determination under subsection (a) of this section, shall each publish such determination in the Federal Register, with a statement of the reasons therefor, whether such determination is in the affirmative or in the negative.

"Sec. 202. (a) In the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary

of the Treasury has made public a finding as provided for in section 201, entered, or withdrawn from warehouse, for consumption, not more than one hundred and twenty days before the question of dumping was raised by or presented to the Secretary or any person to whom authority under section 201 has been delegated, and as to which no appraisement report has been made before such finding has been so made public, if the purchase price or the exporter's sales price is less than the foreign market value (or, in the absence of such value, than the constructed value) there shall be levied, collected, and paid, in addition to any other duties imposed thereon by law, a special dumping duty in an amount equal to such difference.

"(b) In determining the foreign market value for the purposes of subsection (a), if it is established to the satisfaction of the Secretary or his delegate that the amount of any difference between the purchase price and the foreign market value (or that the fact that the purchase price is the same as the foreign market value) is wholly or partly due to--

(1) the fact that the wholesale quantities, in which such or similar merchandise is sold or, in the absence of sales, offered for sale for exportation to the United States in the ordinary course of trade, are less or are greater than the wholesale quantities in which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States),

(2) other differences in circumstances of sale, or

(3) the fact that merchandise described in subdivision (C), (D), (E), or (F) of section 212(3) is used in determining foreign market value,

then due allowance shall be made therefor.

"(c) In determining the foreign market value for the purposes of subsection (a), if it is established to the satisfaction of the Secretary or his delegate that the amount of any difference between the exporter's sales price and the foreign market value (or that the fact that the exporter's sales price is the same as the foreign market value) is wholly or partly due to--

95-159 O - 68 - pt. 5 - 17

(1) the fact that the wholesale quantities in which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the United States in the ordinary course of trade, are less or are greater than the wholesale quantities in which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States),

(2) other differences in circumstances of sale, or

(3) the fact that merchandise described in subdivision (C), (D), (E), or (F) of section 212(3) is used in determining foreign market value,

then due allowance shall be made therefor.

"Sec. 203. That for the purposes of this title, the purchase price of imported merchandise shall be the price at which such merchandise has been purchased or agreed to be purchased, prior to the time of exportation, by the person by whom or for whose account the merchandise is imported, plus, when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less the amount, if any, included in such price, attributable to any additional costs, charges, and expenses, and United States import duties, incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States; and plus the amount, if not included in such price, of any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States; and plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller, in respect to the manufacture, production or sale of the merchandise, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

"Sec. 204. That for the purpose of this title the exporter's sales price of imported merchandise shall be the price at which such merchandise

is sold or agreed to be sold in the United States, before or after the time of importation, by or for the account of the exporter, plus, when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition, packed ready for shipment to the United States, less (1) the amount, if any, included in such price, attributable to any additional costs, charges, and expenses, and United States import duties, incident to bringing the merchandise from the place of shipment in the country of exportation to the place of delivery in the United States, (2) the amount of the commissions, if any, for selling in the United States the particular merchandise under consideration, (3) an amount equal to the expenses, if any, generally incurred by or for the account of the exporter in the United States in selling identical or substantially identical merchandise, and (4) the amount of any export tax imposed by the country of exportation on the exportation of the merchandise to the United States; and plus the amount of any import duties imposed by the country of exportation which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States; and plus the amount of any taxes imposed in the country of exportation upon the manufacturer, producer, or seller in respect to the manufacture, production, or sale of the merchandise, which have been rebated, or which have not been collected, by reason of the exportation of the merchandise to the United States.

"Sec. 205. For the purposes of this title, the foreign market value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the country from which exported, in the usual wholesale quantities and in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, or if the Secretary determines that the quantity sold for home consumption is so small in relation to the quantity sold for exportation to countries other than the United States as to form an inadequate basis for comparison, then the price at which so sold or offered for sale for exportation to countries other than the United States), plus, when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States, except that in the case of merchandise purchased or agreed to be purchased by the person by whom or for whose account the merchandise is imported, prior to the time of exportation, the foreign market value shall be ascertained as of the date of such purchase or agreement to purchase. In the ascertainment of foreign market value for the purposes of this title no pretended sale or offer for sale, and no sale or offer for sale intended to establish a fictitious market, shall be taken into account. If such

or similar merchandise is sold or, in the absence of sales, offered for sale through a sales agency or other organization related to the seller in any of the respects described in section 207, the prices at which such or similar merchandise is sold or, in the absence of sales, offered for sale by such sales agency or other organization may be used in determining the foreign market value.

"Sec. 206. (a) For the purposes of this title, the constructed value of imported merchandise shall be the sum of--

(1) the cost of materials (exclusive of any internal tax applicable in the country of exportation directly to such materials or their disposition, but remitted or refunded upon the exportation of the article in the production of which such materials are used) and of fabrication or other processing of any kind employed in producing such or similar merchandise, at a time preceding the date of exportation of the merchandise under consideration which would ordinarily permit the production of that particular merchandise in the ordinary course of business;

(2) an amount for general expenses and profit equal to that usually reflected in sales of merchandise of the same general class or kind as the merchandise under consideration which are made by producers in the country of exportation, in the usual wholesale quantities and in the ordinary course of trade, except that (A) the amount for general expenses shall not be less than 10 per centum of the cost as defined in paragraph (1), and (B) the amount for profit shall not be less than 8 per centum of the sum of such general expenses and cost; and

(3) the cost of all containers and coverings of whatever nature, and all other expenses incidental to placing the merchandise under consideration in condition, packed ready for shipment to the United States.

"(b) For the purposes of this section, a transaction directly or indirectly between persons specified in any one of the paragraphs in subsection (c) of this section may be disregarded if, in the case of any element of value required to be considered, the amount representing that element does not fairly reflect the amount usually reflected in sales in the market under consideration of merchandise of the same general class or kind as the merchandise under consideration. If a transaction is disregarded under the preceding sentence and there are no other transactions

available for consideration, then the determination of the amount required to be considered shall be based on the best evidence available as to what the amount would have been if the transaction had occurred between persons not specified in any one of the paragraphs in subsection (c).

"(c) The persons referred to in subsection (b) are:

(1) Members of a family, including brothers and sisters (whether by the whole or half blood), spouse, ancestors, and lineal descendants;

(2) Any officer or director of an organization and such organization;

(3) Partners;

(4) Employer and employee;

(5) Any person directly or indirectly owning, controlling, or holding with power to vote, 5 per centum or more of the outstanding voting stock or shares of any organization and such organization; and

(6) Two or more persons directly or indirectly controlling, controlled by, or under common control with, any person.

"Sec. 207. That for the purposes of this title the exporter of imported merchandise shall be the person by whom or for whose account the merchandise is imported into the United States:

(1) If such person is the agent or principal of the exporter, manufacturer, or producer; or

(2) If such person owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in the business of the exporter, manufacturer, or producer; or

(3) If the exporter, manufacturer, or producer owns or controls, directly or indirectly, through stock ownership or control or otherwise, any interest in any business conducted by such persons; or

(4) If any person or persons, jointly or severally, directly or indirectly, through stock ownership or control or otherwise, own or control in the aggregate 20 per centum or more of the voting power or

control in the business carried on by the person by whom or for whose account the merchandise is imported into the United States, and also 20 per centum or more of such power or control in the business of the exporter, manufacturer, or producer.

"Sec. 208. That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and delivery of which has not been made by the collector before such finding has been so made public, unless the person by whom or for whose account such merchandise is imported makes oath before the collector, under regulations prescribed by the Secretary, that he is not an exporter, or unless such person declares under oath at the time of entry, under regulations prescribed by the Secretary, the exporter's sales prices of such merchandise, it shall be unlawful for the collector to deliver the merchandise until such person has made oath before the collector, under regulations prescribed by the said Secretary, that the merchandise has not been sold or agreed to be sold by such person, and has given bond to the collector, under regulations prescribed by the Secretary, with sureties approved by the collector, in an amount equal to the estimated value of the merchandise, conditioned: (1) that he will report to the collector the exporter's sales price of the merchandise within 30 days after such merchandise has been sold or agreed to be sold in the United States; (2) that he will pay on demand from the collector the amount of special dumping duty, if any, imposed by this title upon such merchandise; and (3) that he will furnish to the collector such information as may be in his possession and as may be necessary for the ascertainment of such duty, and will keep such records as to the sale of such merchandise as the Secretary may by regulation prescribe.

"Sec. 209. That in the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has made public a finding as provided in section 201, and as to which the appraiser or person acting as appraiser has made no appraisement report to the collector before such finding has been so made public, it shall be the duty of each appraiser or person acting as appraiser, by all reasonable ways and means to ascertain, estimate, and appraise (any invoice or affidavit thereto or statement of constructed value to the contrary notwithstanding) and report to the collector the foreign market value or the constructed value, as the case may be, the purchase price, and the exporter's sales price, and any other facts which the Secretary may deem necessary for the purposes of this title.

"Sec. 210. That for the purposes of this title the determination of the appraiser or person acting as appraiser as to the foreign market

value or the constructed value, as the case may be, the purchase price, and the exporter's sales price, and the action of the collector in assessing special dumping duty, shall have the same force and effect and be subject to the same right of appeal and protest, under the same conditions and subject to the same limitations; and the general appraisers, the United States Customs Court, and the Court of Customs and Patent Appeals shall have the same jurisdiction, powers, and duties in connection with such appeals and protests as in the case of appeals and protests relating to customs duties under existing law.

"Sec. 211. That the special dumping duty imposed by this title shall be treated in all respects as regular customs duties within the meaning of all laws relating to the drawback of customs duties.

"Sec. 212. For the purposes of this title--

(1) The term "sold or, in the absence of sales, offered for sale" means sold or, in the absence of sales, offered--

(A) to all purchasers at wholesale, or

(B) in the ordinary course of trade to one or more selected purchasers at wholesale at a price which fairly reflects the market value of the merchandise,

without regard to restrictions as to the disposition or use of the merchandise by the purchaser except that, where such restrictions are found to affect the market value of the merchandise, adjustment shall be made therefor in calculating the price at which the merchandise is sold or offered for sale.

(2) The term "ordinary course of trade" means the conditions and practices which, for a reasonable time prior to the exportation of the merchandise under consideration, have been normal in the trade under consideration with respect to merchandise of the same class or kind as the merchandise under consideration.

(3) The term "such or similar merchandise" means merchandise in the first of the following categories in respect of which a determination for the purposes of this title can be satisfactorily made:

(A) The merchandise under consideration and other merchandise which is identical in physical characteristics with, and was produced in the same country by the same person as, the merchandise under consideration.

(B) Merchandise which is identical in physical characteristics with, and was produced by another person in the same country as, the merchandise under consideration.

(C) Merchandise (i) produced in the same country and by the same person as the merchandise under consideration, (ii) like the merchandise under consideration in component material or materials and in the purposes for which used, and (iii) approximately equal in commercial value to the merchandise under consideration.

(D) Merchandise which satisfies all the requirements of subdivision (C) except that it was produced by another person.

(E) Merchandise (i) produced in the same country and by the same person and of the same general class or kind as the merchandise under consideration, (ii) like the merchandise under consideration in the purposes for which used, and (iii) which the Secretary or his delegate determines may reasonably be compared for the purposes of this title with the merchandise under consideration.

(F) Merchandise which satisfies all the requirements of subdivision (E) except that it was produced by another person.

(4) The term "usual wholesale quantities", in any case in which the merchandise in respect of which value is being determined is sold in the market under consideration at different prices for different quantities, means the quantities in which such merchandise is there sold at the price or prices for one quantity in an aggregate volume which is greater than the aggregate volume sold at the price or prices for any other quantity.

"Sec. 213. That this title may be cited as the 'Antidumping Act, 1921'.

"Sec. 406. That when used in Title II * * * --

"The term 'person' includes individuals, partnerships, corporations, and associations; and

"The term 'United States' includes all Territories and possessions subject to the jurisdiction of the United States, except the Virgin Islands, the islands of Guam and Tutuila, and the Canal Zone.

"Sec. 407. That the Secretary shall make rules and regulations necessary for the enforcement of this Act." (Antidumping Act, 1921, as amended; 19 U.S.C. 160-173.)

15 The definition of fair value does not in any way modify or affect definitions of foreign market value given in section 205 of the Antidumping Act, 1921, as amended (19 U.S.C. 164), or of constructed value given in section 206 (19 U.S.C. 165) or the application of a foreign market value (or, in the absence of such value, constructed value) as defined in the Antidumping Act, 1921, as amended, as a basis for determining whether or not to withhold appraisement under section 201(b) (19 U.S.C. 160(b)) or for imposition of duty under section 202 (19 U.S.C. 161).

An industry in the United States which considers that it is being injured by sales of merchandise at less than fair value will ordinarily have insufficient information on which to submit proof either of fair value as herein defined, or foreign market value or constructed value as defined in said sections 205 and 206 (19 U.S.C. 164, 165). The industry may, however, submit, and appraisers will consider, such material as is available to it, including information indicating the market price for similar merchandise in the country of exportation and in any third countries in which merchandise of the producer complained of is known to be sold. Information submitted by an industry and information submitted by the foreign producer and others will be of value in assisting the Treasury to establish the basis for fair value, foreign market value, or constructed value.

Fair value is computed on the basis of sales for consumption in the country of exportation or for exportation otherwise than to the United States at or about the date of the purchase or agreement to purchase of the merchandise to be imported into the United States, or the date of exportation. However, in cases where it may be important to determine either the stability of the market or its trend, as well as to determine whether there has been a fictitious sale as described in paragraph 14.7(b)(6) of these regulations, it will be helpful to the Secretary to have information as to sales made for consumption in the country of exportation or for exportation otherwise than to the United States over a significant period of time immediately preceding the date of purchase or agreement to purchase, or exportation.

EXAMPLES FOR PURPOSES OF ILLUSTRATION

A few examples of what would and what would not be considered sales at less than fair value are given below. Unless otherwise indicated, it is assumed that individual sales are in the same average quantities and that they are also made under the same circumstances of sale.

It must be understood that these examples of necessity oversimplify for purposes of illustration. Each actual case of alleged sales at less than fair value must be considered in the light of all relevant facts, and it may be seldom that cases will be presented for consideration which are as free of complications as are the cases cited in these examples. The tentative conclusions set forth below cannot, therefore, be considered as decisions which are binding upon the Secretary of the Treasury. They are in particular subject to the qualification that there may be other factors present, not here stated, or not sufficiently emphasized for the purposes of an actual case, which would lead to different or opposite results.

As in the case in respect of other laws administered in whole or in part by him, the Commissioner of Customs stands ready to answer specific inquiries arising under the Antidumping Act, 1921, as amended, which relate to contemplated transactions, to the best of his ability, notably those involving questions as to whether paragraph 14.7(a)(1) or (a)(2) of these regulations applies, and questions as to the method of computation which may be used in connection with paragraph 14.7(b)(7) hereof.

Example 1

A foreign producer has made the following sales of a particular product over a representative period:

Sales for Consumption in Country of Exportation	Sales for Exportation to Countries Other than the United States	Sales to the United States
75,000 units @ $1.00	25,000 units @ $.85	15,000 units @ $.90

The quantity of sales of this product in the country of exportation, amounting to 75,000 units, is sufficiently large in relation to the total of 25,000 units sold for exportation to countries other than the United States to constitute an adequate basis for comparison with sales to the United States. (See paragraphs 14.7(a)(1) and (2) of these regulations.) The price for sale to the United States is less than the price in the country of exportation. The foreign producer is, therefore, selling in the United States at less than fair value.

Home market sales will form the basis of comparison whether or not they are restricted. This example concerns home market prices which are either free of restrictions or accompanied by restrictions that do not affect the value of the merchandise. If there should be restrictions

which affect the value of the merchandise, appropriate adjustment of the home market price will be made. Third country prices, even though unrestricted, will not be resorted to in this set of circumstances.

Example 2

A foreign producer has made the following sales of a particular product:

Sales for Consumption in Country of Exportation	Sales for Exportation to Countries Other than the United States	Sales to the United States
25,000 units @ $.95	75,000 units @ $.90	15,000 units @ $.90

The foreign producer can show that the quantity of sales of this product in the country of exportation, amounting to 25,000 units, is so small in relation to the total of 75,000 units sold for exportation to countries other than the United States, as to be an inadequate basis for comparison with sales to the United States. Determination of fair value will therefore be based on the selling price for exportation to countries other than the United States, pursuant to paragraph 14.7(a)(2) of these regulations. In the absence of special circumstances, it would appear that the sales for exportation to the United States were not below fair value.

Third country sales will form the basis of comparison whether or not they are restricted. This example concerns third country sales which are either free of restrictions or accompanied by restrictions which do not affect the value of the merchandise. If there should be restrictions which affect the value of the merchandise, appropriate adjustment of the third country price will be made. Home market prices, even though unrestricted, will not be resorted to in this set of circumstances.

Example 3

A foreign producer has sold his merchandise for consumption in the country of exportation at or about the date of the sale or exportation to the United States at the following prices:

2,000 tons @ $32.80 ton
1,000 tons @ $32.85 ton
2,000 tons @ $33.00 ton
1,000 tons @ $33.10 ton

It is conceded that the price depends upon the bargaining of the parties rather than upon quantity purchased. Sales to the United States have been made by this supplier in the same average quantities at a uniform price of $32.90 per ton during the period. The difference in price between the producer's home market sales or any average thereof and his sales to the United States is so slight that it will not be regarded as more than insignificant unless unusual market conditions in the United States or the quantities involved as compared to United States production justify a contrary conclusion.

Example 4

A foreign producer makes all of his sales, other than those to the United States, for consumption in the country of exportation. The majority of the merchandise thus sold by him is sold in 50-ton lots at list prices, net. However, a discount of 5 percent is granted on sales of more than 500 tons and is freely available to those who purchase in the ordinary course of trade. During the six months preceding the date when the question of dumping was raised, the producer made sales of more than 500 tons each with respect to 15 percent of such or similar merchandise which he sold in the home market. Sales for exportation to the United States are at list prices less 5 percent and have been in quantities of over 500 tons. The 5 percent will not be allowed as a quantity discount because less than 20 percent of such or similar merchandise was sold in the home market in quantities to which such discount was applicable, unless the 5 percent discount can be justified by cost savings. Cost savings can also be used to justify a quantity discount where there were no sales in the home market in quantities sufficient to warrant the granting of the 5 percent discount, and no offers because there is no potential market for such quantities.

In determining whether a discount has been given, the presence or absence of a published price list reflecting such a discount is not controlling. In certain lines of trade, price lists are not commonly published and in others although commonly published they are not commonly adhered to.

The following example also relates to quantity allowances.

Example 5

A foreign producer has the following record of sales at or about the date of sale or exportation to the United States:

Price per lb. for Sales in Units of 100 lbs. and 1,000 lbs.	Sales for Consumption in Country of Exportation	Sales to the United States
$.85 (100 lbs.)	200,000 lbs.	-0-
$.80 (1,000 lbs.)	20,000 lbs.	100,000 lbs.

Although the lower price in the home market appears to obtain for quantities the same as those sold for exportation to the United States at the same price, the quantity sold for home consumption at the lower price is less than 20 percent of the quantity sold in the home market. Accordingly, the price for exportation to the United States is not justified, unless cost savings can be shown to justify the lower price. If 44,000 pounds had been sold in the home market at the $.80 price, the lower price would have been justified for comparison with the price for exportation to the United States.

Example 6

A foreign producer sells for consumption in the country of exportation at $12 a unit, regardless of quantities and regardless of whether the sales are to wholesalers or retailers. He sells to retail purchasers in the United States at $12 a unit and wholesale purchasers in the United States at $10 a unit, in each case regardless of quantities.

The circumstances in this case indicate that the foreign producer will be deemed to have been selling to wholesalers in the United States at less than fair value. Should, however, his record of sales for consumption in the country of exportation show that he sells, regardless of quantities, at $10 a unit to wholesalers and at $12 a unit to retailers, then, making allowances for the circumstances of sale, the sales in the United States will not be deemed to be sales at less than fair value.

Example 7

A foreign producer sells for consumption in the country of exportation at $105 a unit, delivered anywhere within the country of exportation. He has no f.o.b. factory price for home consumption. He sells to the United States f.o.b. factory for $100 a unit. Evidence indicates that it costs the producer on the average $.50 a unit to deliver on home consumption sales.

Giving due consideration to the circumstances of sale, the sales to United States purchasers at $100 a unit will be deemed to be sales at less than fair value. Should the delivery cost on home consumption sales average $5 a unit instead of $.50, the sales to United States purchasers at $100 a unit will not be deemed to be sales at less than fair value.

Part 16 -- LIQUIDATION OF DUTIES

16.21 Dumping duty; notice to importer.-- (a) Special dumping duty shall be assessed on all importations of merchandise, whether dutiable or free, as to which the Secretary of the Treasury has made public a finding of dumping, entered or withdrawn from warehouse, for consumption, not more than 120 days before the question of dumping was raised by or presented to the Secretary or his delegate, provided

the particular importation has not been appraised prior to the publication of such finding, and the appraiser reports that the purchase price or exporter's sales price is less than the foreign market value or constructed value, as the case may be.[16]

(b) Before dumping duty is assessed, the collector shall notify the importer of the appraiser's report, as in the case of an advance in value. If the importer files an appeal for reappraisement, liquidation shall be suspended until the appeal for reappraisement is finally decided.

(c) If the necessary conditions are present, special dumping duty shall be assessed on samples imported for the purpose of taking orders and making sales in this country. (Secs. 202, 209, 407, 42 Stat. 11 as amended, 15, 18; 19 U.S.C. 161, 168, 173.)

16.22 Method of computing dumping duty.-- If it appears that the merchandise has been purchased by a person not the exporter within the meaning of section 207, Antidumping Act, 1921, as amended (19 U.S.C. 166), the special dumping duty shall equal the difference between the purchase price and the foreign market value on the date of purchase, or, if there is no foreign market value, between the purchase price and the constructed value, any foreign currency involved being converted into United States money as of the date of purchase or agreement to purchase. If it appears that the merchandise is imported by a person who is the exporter within the meaning of such section 207, the special dumping duty shall equal the difference between the exporter's sales price and the foreign market value on the date of exportation, or, if there is no foreign market value, between the exporter's sales price and the constructed value, any foreign currency involved being converted into United States money as of the date of exportation. (Secs. 202, 207, 42 Stat. 11, as amended, 14, as amended; 19 U.S.C. 161, 166.)

16 See section 14.13 of these regulations.

For regulations regarding finding of dumping by the Secretary and procedure under the Antidumping Act, 1921, see secs. 14.6-14.13.

The fact that the importer has added on entry the difference between the purchase price or the exporter's sales price and the foreign market value or constructed value and the appraiser has approved the resulting entered value shall not prevent the assessment of the special dumping duty. However, a mere difference between the purchase price or exporter's sales price and the foreign market value or constricted value, without a finding by the Secretary of the Treasury, as above referred to, is not sufficient for the assessment of the special dumping duty.

Appendix E

[S. 1726, 90th Cong., 1st sess., introduced by Mr. Hartke (for himself, Mr. Scott, Mr. Bayh, Mr. Bennett, Mr. Bible, Mr. Boggs, Mr. Brewster, Mr. Brooke, Mr. Burdick, Mr. Byrd of West Virginia, Mr. Carlson, Mr. Clark, Mr. Curtis, Mr. Dirksen, Mr. Dodd, Mr. Dominick, Mr. Ervin, Mr. Fannin, Mr. Hansen, Mr. Hickenlooper, Mr. Inouye, Mr. Kuchel, Mr. Lausche, Mr. McCarthy, Mr. Metcalf, Mr. Miller, Mr. Morse, Mr. Moss, Mr. Mundt, Mr. Murphy, Mr. Pearson, Mr. Prouty, Mr. Randolph, Mr. Ribicoff, Mr. Sparkman, Mr. Symington, Mr. Talmadge, Mr. Thurmond, Mr. Tower, Mr. Yarborough, and Mr. Young of Ohio) on May 9, 1967]

A BILL

To amend the Antidumping Act, 1921.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 201 of the Antidumping Act, 1921 (19 U.S.C. 160), is amended to read as follows:

"DUMPING INVESTIGATION

"SEC. 201. (a) Whenever the Secretary determines in accordance with the procedure prescribed in section 212 that foreign merchandise of a class or kind has been sold at any

time after the date six months preceding the date of complaint, or is likely to be, sold at less than fair value, he shall so advise the Commission. Whenever the Secretary, from invoices or other papers or from information presented to him, is advised by a complaint or complaints filed simultaneously that such sales have been made, or are likely to be made, of merchandise from more than one foreign source or country, and if such sales have in fact been made, or are likely to be made, he shall so advise the Commission, but not until his investigation as to all such foreign sources or countries is complete. The Commission shall determine within three months after notification from the Secretary whether a domestic industry or labor in the United States has been, is being, or is likely to be, materially injured (or, in the case of any industry, is prevented from being established) by reason of the sale at less than fair value of merchandise from one or more foreign sources or countries.

"(b) Material injury to a domestic industry shall be established, and the Commission shall make an affirmative determination, when it finds that the foreign merchandise determined to have been sold at less than fair value and supplied to any competitive market area—

"(1) has amounted to 5 per centum or more (in units sold or in gross receipts from the sales under consideration) of domestic merchandise of the same class

or kind sold by the domestic industry and supplied to the same competitive market area, during any three of the months from six months before the initiation of the investigation by the Secretary to the conclusion of the Commission's investigation, unless clear and convincing evidence is presented that, had such sales of foreign merchandise not been made, the domestic industry would not have increased its sales during the three months involved; or

"(2) has been a contributing cause of a decline in the prices at which 50 per centum or more (in units sold or in gross receipts from the sales under consideration) of domestic merchandise of the same class or kind supplied to the competitive market area has been sold by the domestic industry, during any month from six months before the initiation of the investigation by the Secretary to the conclusion of the Commission's investigation; or

"(3) has been a contributing cause of a decline amounting to 5 per centum or more (in man-hours worked or in wages paid) of direct labor employed by a domestic industry in producing merchandise of the same class or kind supplied to a competitive market area, during any three of the months from six months before the initiation of the investigation by the Secretary to the

95-159 O - 68 - pt. 5 - 18

conclusion of the Commission's investigation, compared with the average monthly level of such employment during the year ending on the date the Secretary's investigation began; or

"(4) has been a contributing cause of any anticompetitive effects in any competitive market area.

"(c) The Commission shall render an affirmative determination of likelihood of injury when it finds a reasonable likelihood that an injury cognizable under subsection (b) of this section will occur by reason of sales of foreign merchandise at less than fair value.

"(d) The Commission shall make the determinations required by this section without regard to whether foreign mechandise was sold with predatory intent or at prices equivalent to or higher than prices of foreign merchandise of the same class or kind. The Commission, after proceeding and hearing under the provisions of section 212, shall notify the Secretary of its determination, and, if that determination is in the affirmative, the Secretary shall make public a notice of his determination and the determination of the Commission. For the purposes of this section, the Commission shall be deemed to have made an affirmative determination if the Commissioners of the Commission voting are evenly divided as to whether its determination should be in the affirmative or in the negative. The Secretary's dumping

finding shall include a description of the class or kind of merchandise to which it applies in such detail as he shall deem necessary for the guidance of customs officers.

"(e) Whenever, in the case of any imported merchandise of a class or kind as to which the Secretary has not published a dumping finding, the Secretary has reason to believe or suspect, from the invoice or other papers or from information presented to him, that such merchandise has been, or is likely to be, sold at less than fair value, he shall forthwith publish notice of that fact in the Federal Register and shall authorize, under such regulations as he may prescribe, the withholding of appraisement reports upon such class or kind of merchandise entered, or withdrawn from warehouse, for consumption, not more than one hundred and twenty days before the question of dumping has been raised by or presented to him until the further order of the Secretary, or until the Secretary has published a dumping finding relating to such merchandise.

"(f) For the purposes of this section—

"(1) The term 'at less than fair value' means that either the purchase price or the exporter's sales price of foreign merchandise, as defined in sections 203 and 204, is less than its foreign market value (or, in the absence of such value, less than its constructed value), as defined in sections 205 and 206.

"(2) The term 'domestic industry' means domestic vendors who supply directly or indirectly to the competitive market area merchandise which is of the same class or kind as foreign merchandise sold at less than fair value and supplied to the same competitive market area.

"(3) The term 'competitive market area' means any geographical area of the United States to which the foreign merchandise determined to have been sold at less than fair value has been supplied in competition with domestic merchandise of the same class or kind.

"(4) Domestic merchandise which is reasonably interchangeable in use with a class or kind of foreign merchandise shall be deemed to be 'of the same class or kind' as such foreign merchandise. Two or more units of foreign merchandise shall be deemed to be 'of a class or kind' whenever reasonably interchangeable in use with one another."

SEC. 2. Section 202 of the Antidumping Act, 1921 (19 U.S.C. 161), is amended to read as follows:

"SPECIAL DUMPING DUTY

"SEC. 202. (a) In the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the Secretary has published a dumping finding as provided for in section 201, if either the purchase price or the exporter's sales price is less than the foreign market

value (or, in the absence of such value, than the constructed value) there shall be levied, collected, and paid, in addition to any other duties imposed thereon by law, a special dumping duty in an amount equal to such difference. If both the purchase price and the exporter's sales price are less than the foreign market value (or, in the absence of such value, than the constructed value), such special dumping duty shall be an amount equal to the greater difference. This subsection shall apply to imported merchandise entered, or withdrawn from warehouse for consumption, not more than one hundred and twenty days prior to the receipt of a complaint by the Secretary, and as to which no appraisement report has been made before such dumping finding has been published.

"(b) In determining the foreign market value for the purposes of this title, if it is established to the satisfaction of the Secretary that the amount of any difference between the purchase price and the foreign market value (or that the fact that the purchase price is the same as the foreign market value) is wholly or partly due to—

"(1) differences in the cost of manufacture, sale, or delivery resulting from the fact that the wholesale quantities, in which such or similar merchandise is sold or, in the absence of sales, offered for sale for exportation to the United States in the ordinary course of trade, are less or are greater than the wholesale quantities in which

such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), except that no allowance shall be made for such differences unless they were actually considered and taken into account by the vendor in establishing his price,

"(2) other differences in circumstances of sale affecting the cost of doing business, to the extent that such differences were actually considered and taken into account by the vendor in establishing his price, or

"(3) the fact that merchandise described in subdivision (C), (D), (E), or (F) of section 213 (3) is used in determining foreign market value,

then due allowance shall be made therefor.

"(c) In determining the foreign market value for the purposes of this title, if it is established to the satisfaction of the Secretary that the amount of any difference between the exporter's sales price and the foreign market value (or that the fact that the exporter's sales price is the same as the foreign market value) is wholly or partly due to—

"(1) differences in the cost of manufacture, sale, or delivery resulting from the fact that the wholesale

quantities in which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the United States in the ordinary course of trade, are less or are greater than the wholesale quantities in which such or similar merchandise is sold or, in the absence of sales, offered for sale in the principal markets of the country of exportation in the ordinary course of trade for home consumption (or, if not so sold or offered for sale for home consumption, then for exportation to countries other than the United States), except that no allowance shall be made for such differences unless they were actually considered and taken into account by the vendor in establishing his price,

"(2) other differences in circumstances of sale affecting the cost of doing business, to the extent that such differences were actually considered and taken into account by the vendor in establishing his price, or

"(3) the fact that merchandise described in subdivision (C), (D), (E), or (F) of section 213(3) is used in determining foreign market value,

then due allowance shall be made therefor."

SEC. 3. Section 204 of the Antidumping Act, 1921 (19 U.S.C. 163), is amended by inserting "and profits" immediately after "(2) the amount of the commissions", and

by striking out "and (4)" and inserting in lieu thereof "(4) an amount equal to the expenses and profits of the exporter in the foreign country (unless (A) the exporter is the foreign manufacturer or is owned or controlled by the foreign manufacturer, or (B) the foreign market value includes such expenses and profits), and (5)".

SEC. 4. Section 205 of the Antidumping Act, 1921 (19 U.S.C. 164), is amended to read as follows:

"FOREIGN MARKET VALUE

"SEC. 205. (a) For the purposes of this title, the foreign market value of imported merchandise shall be the price, at the time of exportation of such merchandise to the United States, at which such or similar merchandise is sold or, in the absence of sales, offered for sale, in the usual wholesale quantities (as defined in section 213) and in the ordinary course of trade—

"(1) in the principal markets of, and for home consumption in, the country from which exported, so long as at least 15 per centum of the total sales (excluding sales to the United States) of such or similar merchandise by any vendor who supplies any of those markets are sales for home consumption in that country, or

"(2) if paragraph (1) is inapplicable, in the principal markets of that country (other than the United

States and the country of export) which is, for any vendor in the country of export whose sales are under consideration, the largest consumer of such or similar merchandise sold by that vendor.

plus, when not included in such price, the cost of all containers and coverings and all other costs, charges, and expenses incident to placing the merchandise in condition packed ready for shipment to the United States, except that in the case of merchandise purchased or agreed to be purchased by the person by whom or for whose account the merchandise is imported, prior to the time of exportation, the foreign market value shall be ascertained as of the date of such purchase or agreement to purchase. The price at which such or similar merchandise is sold or offered for sale shall be deemed to be seller's list or published price in the absence of conclusive evidence that the merchandise was actually sold or offered for sale in the usual wholesale quantities and in the ordinary course of trade at a different price. In the ascertainment of foreign market value for the purposes of this title no pretended sale or offer for sale, and no sale or offer for sale intended to establish a fictitious market, shall be taken into account. If such or similar merchandise is sold or, in the absence of sales, offered for sale through a sales agency or other organization related

to the seller in any of the respects described in section 207, the prices at which such or similar merchandise is sold or, in the absence of sales, offered for sale by such sales agency or other organization may be used in determining the foreign market value.

"(b) If any of the imported merchandise is manufactured or produced in a country or area in which, in the opinion of the Secretary, the method of establishing prices is not realistically related to cost or profit factors, the Secretary shall determine the foreign market value in any manner he deems appropriate, such as by reference to (1) the price at which such merchandise is sold or offered for sale for exportation to countries other than the United States from such country or area, (2) the foreign market value of merchandise of the relevant class or kind in appropriate non-Communist countries, and (3) the constructed value of merchandise of the relevant class or kind in appropriate non-Communist countries."

SEC. 5. Sections 208 and 209 of the Antidumping Act, 1921 (19 U.S.C. 167, 168), are amended by striking out "finding" each place it appears in each such section and inserting in each such place "dumping finding".

SEC. 6. The Antidumping Act, 1921, is amended by redesignating sections 212 and 213 as sections 213 and 214,

respectively, and by inserting after section 211 the following new section:

"PROCEDURE

"SEC. 212. (a) INITIATION AND CONTINUANCE OF ANTIDUMPING PROCEEDING.—

"(1) INITIATION OF PROCEEDING.—An antidumping proceeding shall be initiated by the Secretary at the earliest practicable time after receiving a complaint. The Secretary shall consolidate in a single antidumping proceeding all complaints received together regarding the same class or kind of merchandise regardless of the number of importers, exporters, foreign manufacturers, and countries involved. The Secretary shall make reasonable effort to give notice of the initiation of an antidumping proceeding to all known interested parties and shall publish such notice in the Federal Register. The notice shall identify the date and nature of the complaint.

"(2) DISCONTINUANCE OF PROCEEDING.—The Secretary may not discontinue an antidumping proceeding unless (A) he is satisfied that promptly after the initiation of the proceeding, the dumping (if any) of imported merchandise of the class or kind under investigation has been terminated by revisions in price or by cessation of sales of such merchandise to the United

States, (B) he has received bona fide assurances from the exporter that dumping will not be resumed, and (C) he concludes that the quantities of merchandise involved in the sales of imported merchandise under investigation are insignificant.

"(b) DISMISSAL DECISION.—The Secretary may decide within fifteen days after receiving a complaint that there is no evidence to support it supplied by the complaint and no evidence to support it available to the Secretary from customs forms or other sources, and that any differential between the prices at which the imported merchandise and domestic merchandise of the relevant class or kind are offered for sale in the United States cannot reasonably be attributed in whole or in part to the possibility that either the purchase price or the exporter's sales price of a class or kind of foreign merchandise has been, is, or is likely to be, less than the foreign market value (or, in the absence of such value, than the constructed value). If the Secretary so decides he shall forthwith notify the complainant of his dismissal decision, together with the reasons therefor and such of the supporting information of the character required by subsection (c) of this section as is available to the Secretary, without initiating an antidumping proceeding or publishing any document in the Federal Register. For purposes of subsection (j) of this section such decision shall be considered a negative

dumping determination, published as of the date the complainant is notified.

"(c) PROPOSED DUMPING DETERMINATION.—The Secretary shall obtain sufficient information to enable him to prepare for each antidumping proceeding at the earliest practicable time a proposed affirmative or negative dumping determination which he shall publish in the Federal Register and make reasonable effort to send to all known interested parties. Where complaints have been consolidated in a single antidumping proceeding, the Secretary may prepare and publish a proposed negative dumping determination as to a country or countries prior to the preparation and publication of any proposed affirmative dumping determination in such consolidated antidumping proceeding. Each proposed affirmative or negative dumping determination shall indicate the specific data (such as manufacturers, dates, prices, discounts, quantities, home consumption, cost of containers, taxes, duties, and commissions, as well as delivery, selling, advertising, technical service, and other expenses, but not including confidential costs used in ascertaining constructed value in the absence of foreign market value or costs of manufacture used pursuant to sections 202(b)(1) and 202(c)(1)) used by the Secretary and his computations and reasoning in arriving at and applying the concepts used in this title (such as foreign market value, such or similar merchan-

dise, purchase price, exporter's sales price, and constructed value). If, in a particular antidumping proceeding, the disclosure of some of the detailed information required by this subsection would, in the judgment of the Secretary, impede his obtaining similar information in the future, he may so declare in his proposed negative or affirmative dumping determination and omit that information. If the Secretary does withhold such information, however, he shall prepare for the use of the complainant a supplementary statement of the information required by this subsection which has been so withheld, and the reasons for so withholding. The information in such supplementary statements shall not be published or otherwise be made public by the complainant, subject to such sanctions as may be established by the Secretary by regulation, but may be considered by a reviewing court as if otherwise a part of the record.

"(d) ANTIDUMPING HEARING.—The Secretary shall accord an antidumping hearing by permitting any interested party to communicate in writing with the Secretary regarding a proposed affirmative or negative dumping determination within thirty days after its publication in the Federal Register. This communication may include such matters as factual or legal argument, additional factual information in the form of affidavits or other documents, and requests for informal conferences or an oral antidumping hearing. The

Secretary may call for an oral antidumping hearing on his own motion, or on the request of any interested party. Any denial of a request for an oral antidumping hearing shall be in writing with reasons. Notice of an oral antidumping hearing, or denial of a request for one, shall be given to all known interested parties and shall be published in the Federal Register. Notice of an oral antidumping hearing shall state the time and place of such hearing, and summarize or refer to the Federal Register publications of the notice of the initiation of the antidumping proceeding, and the proposed affirmative or negative dumping determination. All interested parties will be accorded at an oral antidumping hearing the rights to counsel, to present evidence, and to conduct such cross-examination as may be required for a full and fair disclosure of the facts. A transcript shall be made of all oral antidumping hearings, and the Secretary may prescribe such regulations as he deems necessary for their fair and orderly conduct. The record in an antidumping hearing shall consist of the notice of initiation of an antidumping proceeding, the proposed affirmative or negative dumping determination, any written communications between interested parties and the Secretary regarding the proposed affirmative or negative determination (unless the Secretary has made a judgment regarding a given document, or part thereof, under the

standard of subsection (c) of this section, which shall then be made available only to interested parties and a reviewing court), the transcript of any oral antidumping hearing, the affirmative or negative dumping determination, and any other relevant documents the Secretary chooses to include on his own motion or the request of any interested party after having heard the parties to be affected.

"(e) DUMPING DETERMINATION.—The Secretary shall prepare an affirmative or negative dumping determination and shall publish it in the Federal Register. The Secretary shall make reasonable effort to send copies to all known interested parties. The contents of the affirmative or negative dumping determination shall comply with the standards for a proposed dumping determination contained in subsection (c) of this section. In addition, it shall contain the Secretary's reply to any new facts or arguments advanced during the antidumping hearing pursuant to subsection (d) of this section. The Secretary shall make his affirmative or negative dumping determination at the earliest practicable time after receiving a complaint or complaints, but in no event more than six months after such date, unless, within the said six months, he shall have submitted a report to the chairman of the Committee on Ways and Means of the House of Representatives and to the chairman of the Committee on Finance of the Senate stating the reasons why a longer period is re-

quired within which to reach such dumping determination and the estimated extent of such longer period.

"(f) FAILURE OR REFUSAL TO FURNISH REQUESTED INFORMATION.—Whenever in any antidumping proceeding the Secretary decides that an importer, exporter, or foreign manufacturer has failed or refused to furnish information which the Secretary has requested and deems necessary to make his proposed dumping determination pursuant to subsection (c), the Secretary shall resolve all doubts relating to such information against the person failing or refusing to furnish it, and shall base his proposed dumping determination upon information from other sources, including, but not limited to, the complainant.

"(g) INJURY PROCEEDING.—An injury proceeding shall be initiated by the Commission at the earliest practicable time after receiving an affirmative dumping determination from the Secretary. The Commission shall make reasonable effort to give notice of the initiation of an injury proceeding to all known interested parties, and shall publish such notice in the Federal Register.

"(h) INJURY HEARING.—The Commission shall accord an injury hearing by permitting any interested party to communicate in writing with the Commission regarding an injury proceeding. This communication may include such matters as factual or legal argument, factual information in

95-159 O - 68 - pt. 5 - 19

the form of affidavits or other documents, and requests for informal conferences or an oral injury hearing. The Commission may call for an oral injury hearing on its own motion, or on the request of any interested party. Any denial of a request for such oral injury hearing shall be in writing with reasons. Notice of an oral injury hearing, or denial of a request or requests for one, shall be given to all known interested parties and shall be published in the Federal Register. Notice of an oral injury hearing shall state the time and place of such hearing, and refer to the Federal Register publication of the notice of the initiation of the injury proceeding. All interested parties will be accorded at an oral injury hearing the rights to counsel, to present evidence, and to conduct such cross-examination as may be required for a full and fair disclosure of the facts. A transcript shall be made of all oral injury hearings, and the Commission may prescribe such regulations as it deems necessary for their fair and orderly conduct. The record in any injury hearing shall consist of the notice of initiation of the injury proceeding, the transcript of any oral injury hearing, the injury determination, and any other relevant written communications or documents the Commission chooses to include on the request of an interested party or its own motion after having heard the parties to be affected.

"(i) INJURY DETERMINATION.—The Commission shall

obtain sufficient information to enable it to prepare an injury determination for each injury proceeding, shall publish its injury determination in the Federal Register, and shall give notice thereof to the Secretary. The Commission shall make reasonable effort to send copies to all known interested parties. Each injury determination shall fully indicate the specific data used by the Commission, and its computations and reasoning in arriving at and applying the concepts used in this title. If, in a particular injury proceeding, the disclosure of some of the detailed information required by this subsection would, in the judgment of the Commission, impede its obtaining similar information in the future, it may so declare in its injury determination and omit that information. If the Commission does withhold such information, however, it shall prepare for the use of any interested party a supplementary statement of the information required by this subsection which has been so withheld, and the reasons for so withholding. Such supplementary statements shall not be published or otherwise be made public by any interested party, subject to such sanctions as may be established by the Commission by regulation, but may be considered by a reviewing court as if otherwise a part of the record. The Commission shall render its injury determination within three months after receiving an affirmative dumping determination.

"(j) JUDICIAL REVIEW.—Any interested party shall

be entitled to seek judicial review in the United States Court of Customs and Patent Appeals of (1) any negative dumping determination, within thirty days after its publication in the Federal Register, and (2) any affirmative dumping determination and injury determination, or any dumping finding, within thirty days after the publication of the Commission determination or dumping finding. Such judicial review shall be on the records made in the antidumping hearing and Commission hearing, shall be in accordance with section 10(e) of the Administrative Procedure Act (5 U.S.C. 1009(e)), and shall be independent of that provided in section 516 of the Tariff Act of 1930 (19 U.S.C. 1516). Any reviewing court may, in its discretion, order the continued withholding of appraisement reports as to the merchandise in question, pending the outcome of its appeal. The United States Court of Customs and Patent Appeals shall establish rules or procedure necessary to effectuate this subsection."

SEC. 7. The section of the Antidumping Act, 1921, redesignated as section 213 by section 6 of this Act is amended—

(1) by adding at the end of paragraph (4) the following new sentence: "In determining what is the usual wholesale quantity, the Secretary shall exclude from his determination (A) all sales at a quantity dis-

count which was not freely available to all purchasers at the time the sales in question were made; (B) all transactions between persons who are related to one another in any of the ways described in section 207; and (C) all transactions pursuant to any agreement or arrangement for exclusive dealing, such as, but not limited to, an exclusive distributorship or an exclusive requirements contract.", and

(2) by adding at the end thereof the following new paragraphs:

"(5) The term 'Secretary' means the Secretary of the Treasury or any person to whom authority under this title has been delegated.

"(6) The term 'antidumping proceeding' means the inquiry by the Secretary pursuant to this title to decide upon an affirmative or negative determination.

"(7) The term 'complaint' means a communication to the Secretary from any customs officer or other person setting forth reasons why an antidumping proceeding should be initiated or a withholding order entered, along with such supporting information as the Secretary may by regulation require and as is reasonably available to the complainant.

"(8) The term 'complainant' means any person or persons outside the customs service who files a complaint with the Secretary.

"(9) The term 'withholding order' means the order entered by the Secretary pursuant to section 201 (c) authorizing the withholding of appraisement reports.

"(10) The term 'dismissal decision' means the decision of the Secretary to dismiss a complaint pursuant to section 212 (b).

"(11) The term 'affirmative dumping determination' means a determination by the Secretary of the Treasury pursuant to section 201 (d).

"(12) The term 'negative dumping determination' means a decision by the Secretary not to render an affirmative dumping determination.

"(13) The term 'Commission' means the United States Tariff Commission.

"(14) The term 'injury proceeding' means the inquiry by the Commission to decide upon an injury determination.

"(15) The term 'injury determination' means a determination by the Commission pursuant to section 201, whether such determination is in the affirmative or in the negative.

"(16) The term 'dumping finding' means the notice published by the Secretary pursuant to section 201 (d) of his affirmative dumping determination, and the injury determination of the Commission."

SEC. 8. Section 406 of the Act of May 27, 1921 (19

U.S.C. 172), is amended by inserting "Puerto Rico and" immediately after "The term 'United States' includes".

SEC. 9. The antidumping regulations of the Treasury Department in effect on the date of the enactment of this Act are ratified and approved, except insofar as they are inconsistent with the provisions of this Act.

SEC. 10. (a) Subject to the provisions of subsections (b) and (c) of this section, the amendments made by this Act shall apply with respect to all merchandise as to which no appraisement report has been made on or before the date of the enactment of this Act.

(b) The amendments made by this Act shall not apply in the case of any article if—

(1) before the date of the enactment of this Act the Secretary of the Treasury or his delegate has made public a finding of dumping with respect to a class or kind of merchandise which includes such article, and

(2) such finding of dumping is in effect with respect to such article on the date it is entered, or withdrawn from warehouse, for consumption;

except that in the case of any such article exported from the country of exportation on or after the date of the enactment of this Act, the special dumping duty applicable to such

article shall be computed under section 202 (a) of the Antidumping Act, 1921, as amended by this Act.

(c) If the question of dumping with respect to any class or kind of foreign merchandise has been raised by or presented to the Secretary of the Treasury or his delegate before the date of the enactment of this Act and either such question is pending on such date before the Secretary of the Treasury or his delegate, or the question of injury by reason of the importation of such merchandise into the United States is pending on such date before the United States Tariff Commission, then in applying the Antidumping Act, 1921, as amended by this Act—

(1) if such question of dumping is pending before the Secretary of the Treasury or his delegate on such date, the Secretary of the Treasury or his delegate shall make his affirmative or negative dumping determination at the earliest practicable time, but in no event more than six months after such date, or

(2) if such question of injury is pending before the United States Tariff Commission on such date, the Commission shall be treated as having received the affirmative determination of the Secretary of the Treasury or his delegate on such date.

Appendix F

United States Senate

COMMITTEE ON FINANCE
WASHINGTON, D.C. 20510

July 25, 1967

Dear Colleague:

The Office of the Special Representative for Trade Negotiations has only recently made public the provisions of the International Antidumping Code which was signed on June 30. Ambassador Roth, the President's Special Representative for Trade Negotiations, recently testified before the Joint Economic Committee of the Congress that no Congressional action is required to make the Code effective. The Code is scheduled to become effective on July 1, 1968.

The position of Ambassador Roth evidently is that the Code does not conflict with the Antidumping Act of 1921 and therefore no Congressional approval or implementation is necessary. By the same process of reasoning, Ambassador Roth presumably would agree that if the Code in any way amends the Act, Congressional approval or implementation is necessary before the Code becomes binding in the United States.

It seems to me that Ambassador Roth's position that there is no conflict between the Antidumping Act of 1921 and the Code is clearly erroneous. At this stage, I am not concerned with whether the provisions of the Code are desirable or undesirable as a matter of economic policy, but only with whether the Congress has been improperly bypassed and whether Senate Concurrent Resolution 100, described below, has been defied by the failure of the Office of the Special Representative to present the Code to Congress for approval. The crucial question at this point, therefore, is whether the provisions of the Code conflict with any of the substantive provisions of the Act. As noted, it is my position there is direct conflict between the Code and the Act and that the Code can become effective in the United States only if approved by Congress.

While the Code would subject the Antidumping Act to a multitude of amendments, I limit myself here to an examination of three fundamental amendments of the Act. First, Article 3 of the Code specifies that a determination of injury may be made only if it is found that "dumped imports are demonstrably the principal cause of material injury or of threat of material injury to a domestic industry...." Section 201 (a) of the Antidumping Act vests the Tariff Commission with authority to

determine whether "an industry in the United States is being or is likely to be injured....by reason of the importation of (dumped) merchandise." The Act does not restrict the Tariff Commission to affirmative findings of injury or likelihood of injury only when satisfied that dumped imports are "demonstrably the principal cause of material injury."

Thus, it is clear that the Tariff Commission's authority to make injury determinations, as conferred upon it by Section 201 of the Antidumping Act, would be materially altered and circumscribed by Article 3 of the Antidumping Code.

Secondly, Article 4 of the Code defines the term "domestic industry" to include all of a country's producers of a product which is "like" the dumped imported product under consideration. Only in "exceptional circumstances" may a regional competitive market be considered as the industry affected. Such exceptional circumstances can be found only if the producers supplying a regional competitive market sell "all or almost all of their products in such market." Further, an additional restriction on the Tariff Commission's authority to find injury is imposed, since "all or almost all of the total production" in the regional market must be injured.

Section 201 of the Antidumping Act does not restrict the Tariff Commission in its determination of what constitutes "an industry in the United States." In a considerable number of cases, the Commission has concluded that regional markets and regional industries may be found without regard to whether the producers supplying a limited competitive market "sell all or almost all their products" in such market, and without regard to whether "all or almost all" of the producers are injured.

Thus, it is clear that Article 4 of the Code in providing substantial limitations in its definition of industry and in adding a further restriction on the authority to make affirmative determinations of injury, would severely curtail the present powers of the Tariff Commission under Section 201 of the Antidumping Act.

Thirdly, Article 5 of the Code provides that a dumping investigation shall be initiated only when supported by evidence of both dumped prices and of injury to the industry involved, and requires that evidence of dumping and of injury shall be "considered simultaneously." In addition, Article 10 forbids the institution of any provisional measures, which specifically include the authority to order withholding of appraise-

ment unless there is "sufficient evidence of injury" as well as of dumping.

Section 201 (a) of the Antidumping Act was amended in 1954 and transferred from Treasury to the Tariff Commission sole responsibility for injury determinations. This subsection specifies that the Commission shall make a determination of injury only after being advised by Treasury that a dumping price has been found by that agency. The Senate Finance Committee Report on the 1954 amendment made this crystal clear:

> "This title would also transfer the injury determination under the dumping law to the Tariff Commission and provide that it be made within 3 months from the determination of the question of a dumping price by the Secretary."

Furthermore, Section 201 (b) of the Act specifically requires that Treasury "shall authorize....the withholding of appraisement" whenever Treasury, in the course of an investigation and before a formal finding of dumping prices, "has reason to believe or suspect" that sales have been made at a dumping price. The Act specifies Treasury then "shall forthwith publish notice of that fact....and shall authorize....the withholding of appraisement reports." At that stage the Tariff Commission, not having been advised by Treasury of a determination of dumping, has no authority to institute an investigation, much less make a finding of injury or of the existence of "sufficient evidence of injury", whatever this phrase as used in the Code may mean.

Thus, it is patently clear that by requiring simultaneous investigations of dumping and of injury, and by requiring decisions on dumping and on the existence of "sufficient evidence of injury" as conditions precedent to the withholding of appraisement, Articles 5 and 10 of the Code conflict directly with the provisions of subsection (a) and (b) of Section 201 of the Antidumping Act.

The refusal of the Office of the Special Representative to recognize and respect the areas of policy determinations which are the province of Congress, can hardly be viewed as a mere oversight, attributable to inadequate familiarity with the well-established doctrine of the separation of powers. Last summer the Senate overwhelmingly adopted Senate Concurrent Resolution 100, advising the Executive Branch generally and warning the Office specifically against including in the Kennedy Round negotiations matters outside the scope of the Trade Expansion Act of 1962. Dumping was

one of the matters which was specified. As summed up by the Senate Finance Committee in its report on Senate Concurrent Resolution 100:

> "This problem (dumping) concerns unfair trade practices in a domestic economy and it is difficult for us to understand why Congress should be bypassed at the crucial policymaking stages, and permitted to participate only after policy has been frozen in an international trade agreement."

Notwithstanding this clear warning by the Senate, the Office of the Special Representative persisted in negotiating the Antidumping Code which conflicts directly with, and, if the Code becomes effective, would amend the Antidumping Act of 1921 in many substantive respects. In point of fact the Code would emasculate the Antidumping Act of 1921 and for all practical purposes strike the Act from the statute books. As I mentioned earlier, the three points of conflict listed above are merely illustrative of a multitude of substantive changes in the Act. In my opinion, these changes would prevent it from imposing any meaningful restraint on the unfair trade practice of dumping.

This usurpation of Congressional functions should not be allowed to go unchallenged. I therefore intend to urge the Chairman of the Senate Finance Committee that an appropriate resolution should be favorably reported by the Committee and should be adopted by the Senate and by the House, expressing the sense of Congress that the Code should not become effective in the United States unless and until the Code has been approved by the Congress. The resolution should also advise the President to withdraw from the Code immediately, well before it is scheduled to become effective on July 1, 1968. The resolution should further advise the President that if he desires to have the Code become effective in this country, the United States must first withdraw from the Code and then submit it as a proposed international agreement to the Congress for approval. At that time, I will, of course, oppose Congress giving its approval to the complete emasculation of the Antidumping Act. The Act, which is concerned with the unfair trade practice of price discrimination in this market, needs to be strengthened not weakened and emasculated. This is the purpose sought to be achieved by S. 1726 which I introduced on May 9, 1967 for myself and for forty other Senators on both sides of the aisle.

I hope that you will agree with me that the action of the Office of the Special Representative in defiance of the clear will of the Senate constitutes usurpation of Congressional authority and must not be allowed to go unchallenged. If you do agree with me, I urge you to communicate your views to the Chairman of the Senate Finance Committee, to other members of the Senate and also to the Chairman of the Ways and Means Committee of the House and other members of the House.

Sincerely,

Vance Hartke

Vance Hartke
United States Senator

Mr. VANIK. My distinguished colleague, Mr. Freighan, of Ohio, was ready to testify here this morning, and I would ask unamimous consent that his statement be placed in the record at this point.

Mr. HERLONG. Without objection, it will be done.

(Representative Feighan's statement referred to follows:)

STATEMENT OF HON. MICHAEL A. FEIGHAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. Chairman and members of the committee, I appreciate this opportunity to testify on behalf of H.R. 14120 of which I am a co-sponsor.

I wish to express my whole-hearted support for this legislation, which seeks to prevent further erosion of American steel markets to foreign producers. I hope it will be noted and remembered that this legislation does *not* build a wall around our domestic industry. It does *not* shut out foreign steel. Indeed, it will allow steel imports to grow in volume as the American market for steel grows in volume. It simply limits the share of the domestic steel market that can be served by foreign steel to what has already become a very significant level—a level that today is larger than that enjoyed by this country's fifth and sixth largest steel producers combined.

The two companies to which I refer—Armco Steel and Jones & Laughlin Steel Corporation—employ 80,000 people and channel over $600 million dollars a year into our economy through payroll costs alone. Even larger sums are expended by these companies for supplies and services. So, we are not talking about an insignificant amount of business lost to American industry, to American steelworkers and to the American economy. And over the last several years, this loss has grown at a very rapid rate.

What H.R. 14120 seeks to do is to put the brakes on a trend which is almost certain to reach damaging proportions unless we afford some measure of protection to our home industries from governmentally subsidized industries abroad.

What the owners and the employees of the American steel industry ask from us is not exclusion from fair and open competition with those who participate under equal ground rules. What they seek is a check on the further invasion of the American marketplace by others whose wages, costs, obligations and governmental relationships bear no resemblance to our own.

Mr. Chairman, in the arena of foreign trade we deal with factors totally different from those that exist with respect to interstate commerce within our own borders. For the time being at least, they are factors beyond the control of our domestic industries, and they include factors that bear a close relationship to the standards of living and the mometary burdens of each and every one of us. Hence I ask: Can we afford to sit by and see vital American industries and their employees penalized because *our* pay rates, *our* living costs, *our* capital requirements, *our* debts, *our* taxes and *our* expenditures to keep the free world secure involve an entirely different scale of numbers and set of values than our competitors aboard? Can we conscientiously risk the impairment of this basic industry's efforts to modernize and expand its facilities in order to better serve this country's economy and national defense? How much further, I ask, must our domestic steel industry's share of our home markets deteriorate before we become aroused and say: "Enough is enough?"

To me, there is compelling evidence that the situation calls for immediate remedy that lies within our power. I urgently ask that you extend this legislation the most careful consideration.

Mr. HERLONG. The committee will recess now until 2 o'clock this afternoon.

(Whereupon, at 12:40 p.m., the committee recessed, to reconvene at 2 p.m. the same day.)

AFTER RECESS

(The committee reconvened at 2 p.m., Hon. James A. Burke, presiding.)

Mr. BURKE. The first witness this afternoon is Mr. Kurt Orban. If you will identify yourself for the committee you may proceed.

STATEMENT OF KURT ORBAN, PRESIDENT, AMERICAN INSTITUTE FOR IMPORTED STEEL, INC.; ACCOMPANIED BY SEYMOUR GRAUBARD, COUNSEL

Mr. ORBAN. My name is Kurt Orban. I am president of the American Institute for Imported Steel and with me is Mr. Seymour Graubard, counsel for the Institute.

Mr. Chairman and members of the committee, on behalf of the American Institute for Imported Steel, Inc., I thank you for this opportunity to present testimony concerning the need of this Nation for continued steel imports. The Institute consists of some 60 of the leading importers of steel in the United States. The import primarily from the Common Market nations and the United Kingdom. They also import from Japan and from other nations. Many members of the Institute export as well as import not only steel but other commodities. They would like to be in a position to become major exporters of steel as they once were.

The Institute wishes to record its approval of the bill cited as the Trade Expansion Act of 1968 (H.R. 17551). In this presentation, however, we wish to devote ourselves only to the issue of the international trade in steel. The Institute opposes all legislation designed to impose quotas or special import taxes on steel, whether such legislation be specifically devoted to steel or is of an omnibus nature.

STEEL AND INFLATION

According to last year's Senate Finance Committee staff study, during the period 1946 to 1966 the prices of all commodities in this country increased by 60.3 percent but steel increased by 150.4 percent. Clearly, steel prices are one of the principal generators of our present dangerous inflationary spiral. (See annexed table I.)

Because steel prices have accelerated so rapidly, other materials have become more economical for many uses. The cement, plastics, aluminum and glass industries, among others, must be grateful to the steel mill executives for having kept steel prices so high as to cause substitution of other materials for steel.

Imports have been the major brake on this escalation of steel prices. Steel imports could not have approached their present level without, in effect, being invited in by the domestic steel industry. As table I shows, price escalation diminished as imports increased. It is hard to imagine how high the domestic steel price level would be today had it not been for the competition by imports.

Steel industry spokesmen have reiterated that 73 companies "compete" with each other, but price competition is considered vulgar in the steel industry. Rather, the mills play the game of "follow the leader," also known as "administered pricing."

During the period 1951 to 1955 while wholesale prices fell 0.9 percent annually, the price index for steel rose 4.8 percent annually.

During the period 1955 to 1958, steel prices increased almost three times as fast as all wholesale prices.

Showing the harmony that existed among the steel mills in the years 1962 to 1967 is a tabulation of some 77 reported price changes.

Steel imports have been responsible for changing some of the domestic pricing practices. They caused the elimination, between 1962 and 1966, of the enormous and unjustified $20 per ton differential between east coast and west coast prices.

They have recently caused some mills to discontinue published pricing and to negotiate prices for such items as wire rods, wire products, and reinforcing bars. They have now induced some producers to make contracts at firm prices rather than the burdensome "price in effect at time of shipment."

Steel prices in the United States are higher than those in any other major steel-producing nation, making all products using steel more expensive. This fact makes it difficult for exporters of steel end products to compete abroad, unless they too have access to steel at world market prices, as do their competitors abroad. If they don't it will simply worsen the balance of payments.

The evils of the steel pricing system have a corrupting effect on the domestic steel industry itself. Refusing to compete in price, the U.S. mills allegedly compete in service. The costs of white collar employees and the overhead of the domestic steel mills are much higher than abroad.

RESEARCH AND DEVELOPMENT

Another and almost disastrous effect of having the steel mills act as an oligopoly rather than as competitors is the lack of pressure on each mill to do research and development to get ahead of its competitors. In spite of enormous overhead, only 60 cents per $100 of sales is going into R. & D. In recent years the steel industry has claimed to have upped its expenditures. The latest data indicate only $110 million R. & D. against approximately $17 billion in sales. This represents virtually no relative change since 1964.

Furthermore, it took the major steel mills nearly 15 years to put the basic oxygen process into significant use. During this hiatus, the U.S. steel industry invested billions of dollars to construct 40 million tons of open hearth capacity. Yet, it is well known that it costs $20 to $25 less per ton to build basic oxygen capacity and the operational savings run from $5 to $10 per ton.

While the industry has finally seen the light of the basic oxygen furnace, we now see a similar lag in the adoption of continuous casting.

In the late 1940's and early 1950's, continuous casting experimentation was more advanced in the United States than elsewhere. Nonetheless, the large domestic steelmakers have shied away from wholesale adoption of this radical innovation. Instead, they have chosen to invest in conventional blooming and slabbing mills.

The Europeans and Japanese were less hesitant. Today, the only use of continuous casting on a regular production basis, for the major portion of mill output, is found abroad and in a number of smaller plants in the United States which have sprung up in recent years and which are operating profitably.

These plants, of which there are a number in operation and more being built, operate on the basis of local scrap, electric furnaces, continuous casting, and conventional rolling mills.

Despite these questionable management decisions by the domestic industry, we find that it has continued to increase sales and to maintain profits, as indicated in amended table II. The table also shows that there is no correlation between industry profits and imports. This is demonstrated even more clearly by the first quarter 1968 performance of the steel mills when imports were at an all-time high.

One factor which adversely affects steel profits today is twofold depreciation: one for the 40 million tons of open hearth steel constructed in the 1950's and 1960's, and one for capital and startup expenses for more modern oxygen furnaces which are replacing the open-hearth furnaces.

Having made a major mistake in failing to keep up with modern technology, the domestic steel leaders are compounding past errors by raising prices still higher, thereby forcing the public to pay for their mistakes. Consequently, more imported steel enters the nation to meet the consumers' demand for lower-priced steel. The domestic steel leadership answers by raising prices still further. They visit the sins of past managements on present consumers.

PRODUCTION AND PROFITS

The domestic industry has no reason to be afraid of the future. This is confirmed by projections which show steel ingot production in excess of 200 million tons a year by 1980.

The domestic industry's drive to modernize and expand is well underway and is confirmed by every industry financial report published in 1968. Analysis of these reports demonstrates that these steel corporations are now paying the penalty for abdicating their research and development leadership to others.

The disease of the steel industry is inflation; imports are only a symptom.

LABOR AND STEEL IMPORTS

Last year, L. B. Worthington, chairman of the American Iron & Steel Institute, claimed that the elimination of 11 million tons of imported steel would result in the employment of an additional 70,000 steelworkers. This figure assumes that the elimination of imports would result in the construction of new mills to supply the additional production. It is dubious, however, that one new single installation would be added to make up for the elimination of imports. Instead, the existing automated mills would run the additional hours to produce what is needed. It is doubtful that even 10,000 additional employees would be added if all steel imports were stopped. But, even if 10,000 additional employees were required to replace the imports, there is no indication that these employees could easily be found. Unemployment in the Steelworkers Union is, and has been, at a low. Vacationing college students and women have been employed in the mills to compensate for the lack of mature, trained personnel.

Weighed against the employment of some additional steelworkers would be the employment of over 2 million workers in this country who rely upon exports for their jobs.

It is well known that many more man-hours per ton are needed for the finishing and fabricating of steel than for basic steelmaking.

Thus, many fabricating plants, newly established or expanded due to the availability of lower cost imported steel, are able to contribute more, rather than less, to employment; more than they could if the making of their basic steel was pushed back into the high-cost steel-making centers, thereby denying them expansion opportunities or even forcing them out of business.

It is true that obsolete facilities have been shut down. It is equally true that new plants have not only taken their place but have increased overall capacity from year to year.

That steel imports do not markedly affect domestic employment is indicated by annexed table III—taken from the AISI 1967 Statistical Report—which shows that while steel imports have been increasing, so have domestic steel production and the number of domestic wage employees.

Nevertheless, there is no question that increasing automation means fewer man-hours per ton. In our country, between 1957 and 1967, steel production rose from 112.7 to 116.8 million tons, while the number employees decreased by 10.7 percent.

In the European Common Market, the change is even more striking. During that 10-year period, while output rose 50 percent, the number of steelworkers dropped by 7 percent. However, the European figure covers only hourly workers, whereas the U.S. figure includes salaried people as well—see annexed table IV.

We note that during the past 2 years, the United Steelworkers Union has changed its policy in regard to steel imports. Previously, the union urged management to cut prices so that it might sell more steel both in the United States and overseas, thus giving greater employment to steelworkers. Two years ago, in a sharp reversal in position, the union leadership decided to play along with management. It now joins in asking for limitations on steel imports. Presumably, this would put the mills in an improved financial position and, of course, enable them to pay higher wages. The union has closed its eyes to the inflationary effects of high steel prices, both at home and on our export trade.

Union wages have outstripped productivity, as shown in annexed table V. The inflationary effects of the union's present position must ultimately harm the union members, since other unions will demand the same kind of increases. Nevertheless, the possible immediate gains to the union members and to its leadership are such that the union policy seems fixed.

In 1968, as in the previous labor contract negotiation, imports have soared. The threat of a strike has caused all consumers of steel to stockpile domestic steel and to cover additional anticipated needs abroad. If there should be a strike, the entire economy will owe thanks to the steel importers who have supplied this country with the means of maintaining production during strike months.

The shortsightedness of present union policy should not determine the policy laid down by this Congress for the good of all Americans. It would be far better for the steel industry and the union to do now what they will do ultimately—arrive at a negotiated agreement.

If steel prices merely went up consistently with the increased cost of labor, this would not be too bad. However, the steel industry has consistently increased prices far beyond the increases in labor costs

to which it points in justification. Each dollar of wage increase has brought $2 in increased prices. This does not deter the domestic steel industry from claiming that cheap labor abroad is the basis for the ability of imports to undersell domestic steel in this country.

During the past year, once again, price increases totaled $350 million, while labor increases totaled $175 million.

As just published by the Bureau of Labor Statistics, Department of Labor, wages in the steel industry in France, Germany, and the United Kingdom run about one-third of those in the United States. However, because of the labor laws abroad and the higher productivity in the United States, the labor cost per unit abroad is about two-thirds of that in the United States. The report points out that "unit labor cost alone cannot measure the cost competitiveness of an industry in international trade." Certain costs overseas, such as coal and electricity, are higher than in the United States. In addition, since international competition takes place "where the steel-consuming industries are located, the cost of transportation is an important factor in assessing the competitive position of a particular country in international markets."

Our labor unions have urged the Trade Information Committee to pattern our international trade policy on the principle of equal wages for labor in all trading countries. Without such equality, the unions are asking for special duties or quotas. This argument overlooks the fact that such a stand would make it impossible for less prosperous nations to trade with the United States. It also assumes quite falsely that the purchasing power of equivalent wages is the same abroad as in the United States.

Were this Congress to consider favorably the pleas of the various groups to impose quotas or special duties on steel and other commodities, then labor itself and, even more, people on fixed incomes, whether through retirement or otherwise, would suffer the terrible consequences of the subsequent inflation.

The cure for what ails the steel industry in this country does not lie with higher prices. It lies in the desire to compete and to produce goods of better quality more efficiently. In short, it lies in a return to the American system of competition and not in cries for Government assistance.

INDUSTRY ARGUMENTS AGAINST IMPORTS REFUTED

I now turn briefly to certain arguments frequently made by the domestic steel leadership, and hold them up to the light:

(*a*) *Difference in capital costs.*—Industry spokesmen have recently cited a differential of $275 per ton of capacity in the cost of building new steel plants in the United States versus new capacity in Japan. This figure has never been documented.

Yet, only some 5 years ago, the experts gave the cost of building new capacity as between $250 and $300 per ton of annual capacity. It is well known today that a plant for the production of 100,000 tons per year of such products as bars and rods can be built for a capital investment of less than $10 million, which is a capital cost per ton of less than $100.

(*b*) *Foreign government subsidization of steel exports.*—We are repeatedly told by industry spokesmen that foreign countries subsidize

their steel exports and that most exporting mills are, in effect, government controlled. Amended table VI, column I, shows steel imports in 1966 broken down by country of exportation. Column 2 shows the percent of government ownership of the industry in each of the exporting countries. The final column shows the tonnage which might have come from government-controlled mills.

We wind up with a grand total of 229,000 tons, or 2 percent of total imports. This should, once and for all, dispose of the argument that foreign governments control steel exports to the United States. Even if we consider the recent nationalization of the steel industry in the United Kingdom, total steel imports coming from government-controlled mills would still be less than 10 percent of total steel imports.

Within the past year, there have been two complaints in which the Treasury Department found Government subsidization. Countervailing duties have been imposed in these cases.

The present law is adequate to protect us against export subsidies.

The failure of the domestic industry to file more charges indicates two possibilities: Either it has no basis for such charges or it prefers complaining in public to presenting the facts.

A remedy is available for those who say they are injured by dumping. It is true that a majority of dumping cases have been found baseless. It is also true that in a significant number of cases penalties have been imposed. The new international accord on dumping, adopted in Geneva last year, should go a long way toward providing American exporters with the same protection under due process that the American Government has long given to foreign exporters.

(*c*) *Steel imports cause the Government to lose revenue.*—Claims have been made that the Federal Government loses considerable income tax because of imports. The opposite is true, as shown in table VII in the annex.

In 1966 steel imports paid 7.41 percent of the value of the imported items, or a total of $93.9 million in customs duties. In 1967 this rose to 7.73 percent and $96.8 million. At the same time, the domestic industry paid in taxes 4.1 percent of sales in 1966 and 2.4 percent in 1967. In other words, imports paid three times as much on the sales dollar as did the domestic industry in 1967. This is customs duty only, but, in addition, everyone connected with the movement of imported steel pays his share of taxes.

There is a further consideration. The selling price of imported steel averages about 15 percent below the domestic steel price, and this saving is either passed on to the end user or shows up as extra profits in the balance sheets of fabricators and distributors. If we assume that perhaps 5 percent is passed on to the end user, then 10 percent stays with the distributor, which means another 5 percent to the Internal Revenue Service.

(*d*) *Discriminatory border taxes.*—The domestic steel industry has attacked the European nations for imposing discriminatory "border taxes." They point out that steel from this country going into, say, West Germany, would have to pay, over and above the normal duty, a tax of 10 percent on the sales price. They also point out that steel exported by West Germany to the United States does not pay any such tax, and, in fact, any portion of such tax already assessed is remitted. Superficially, this sounds as though there were a serious

situation which should be rectified to make international trade truly a two-way street.

But these so-called border taxes are merely a different form of sales taxes or excise taxes. They are comparable to our State and local sales taxes and to the Federal excise taxes which have been in effect for many years for certain products. The fact is that the tax system in European countries takes a much greater percentage of the gross national income than does the tax system in the United States. The Germans have an excise tax of approximately 10 percent and the French have one of some 20 percent.

As an example of an American equivalent of the so-called European border tax, take the case of an imported car sold in the city of New York. In addition to the regular import duty, there is a Federal excise tax of 7 percent and a New York City sales tax of 5 percent, or a total tax of 12 percent. This is exactly the same as a buyer of an American auto would pay, and is exactly comparable to the European excise tax system.

Incidentally, Japan has no such system. Steel is being imported into Japan, particularly from Australia. The statements about a complete prohibition against imports of steel into Japan are simply not correct.

(*e*) *Domestic mills cannot meet European competition.*—The charge has been aired that there is a price difference of about $40 per ton between domestic and imported steel; that pretax profits on domestic steel amount to only $17 per ton, and, therefore, it is impossible for domestic steel to compete on a price basis with imports.

First, let me state that it is not necessary for a domestic mill to match import prices dollar for dollar, since it can offer the advantages of quick delivery, easy communication, the elimination of transport hazards, and the carrying of big inventories. As a rule, people will not buy imports unless there is a saving of 10 percent or better. Thus, even if the $40 figure were correct, the domestic mills would not be forced to reduce prices to the extent of $40, in order to hold customers. Annexed to this document are some actual selling prices during the past 4 years. I believe this is the first time such data have been presented to the Government (see annexed tables VIII–XIII).

In no case did price differentials run as high as $40 per ton. In absolute figures, they ran about half of that amount. It would take only a small price reduction to enable the domestic mills to compete effectively with imports. The U.S. Steel Corp. and several others of giants have already demonstrated how they can take business away from imports by abandoning their pricelists in selling soncrete reinforcing bars, wire rods, structural, and even sheets.

(*f*) *National defense and the balance of payments.*—Another claim is that, without Government protection the industry may wither away and be unable to meet the Nation's defense needs. But does this make sense? At present, the industry is not dying but showing signs of renewed vigor. Imports of 10 percent of apparent consumption, and even imports of 15 percent, or possibly even 20 percent of consumption, are not likely to put it out of business.

After all, defense set-asides for the Vietnam war amount to only 6 percent of production and, even if imports should rise to 20 percent—which is technically unlikely—and even if set-asides rose to three times the present rate, there would be plenty of steel for direct defense. When it comes to indirect defense needs, the Korean and the Vietnam crises have shown that, in actual practice, imported steel has been a real boon to the economy. It prevents shortages and holds down the resulting inflationary effect. Further, how can an industry which imports 36.3 percent of its basic raw material, iron ore, and nearly 100 percent of its chrome and manganese ore, say that a national emergency would cut off steel imports, but ignore the fact that any such emergency would also cut off the flow of its own raw material imports. Realistically, it cannot.

This committee has heard so much from government experts and others concerning international trade and the balance of payments that I will comment only briefly on the subject.

The domestic industry must bear the major responsibility for the ever increasing volume of steel imports. Following World War II, our steel industry was the world leader. It abdicated this leadership by choosing to become noncompetitive in world steel markets. This deliberate choice turned a highly favorable balance of steel trade into a chronic deficit. Constantly increasing steel prices have contributed substantially to an alarming inflationary trend for this Nation—an inflationary trend that is damaging our trade surplus.

CONCLUSION

We believe that the demand by the domestic industry for the limitation of steel imports to less than 10 percent of apparent consumption is completely unreasonable. In contrast, the nations of the European Common Market are importing approximately 25 percent of their steel consumption. While the European steel executives are no happier about such import competition in their home markets than are their American counterparts, they rather compete in the marketplace than revert to the protectionism of the past. The present level of steel imports should cause no more alarm than the constantly rising level of ore imports.

William Johnstone, vice president of Bethlehem Steel, has stated before the Tariff Commission, with respect to iron ore imports, that "import restrictions would have injurious effects."

What logic then is there in restricting steel imports to one-tenth of consumption while ore imports exceed one-third of consumption and are rising? Such restrictions would not be in the best interest of the United States.

Thank you.

(The appendix referred to the follows:)

APPENDIX

TABLE I

STEEL PRICE TRENDS VS. ALL COMMODITIES (1940 = 100)

	Finished Steel Products		All Commodities	
1966	280.7	------	246.3	------
1965	276.9		238.4	
1964	275.6		233.7	
1963	273.5		233.3	
1962	271.8		234.0	
1961	272.7		233.3	
1960	273.7	+150.4%	234.2	+60.3%
1959	274.3		234.0	
1958	269.7		233.5	
1957	260.6		230.2	
1956	238.1		223.7	
1946	112.1	------	153.7	------

Source: Weidenhammer, Page 357, Table F-2
Steel Imports -- Staff Study
Committee on Finance, U.S. Senate

TABLE II.—1ST QUARTER PERFORMANCE

	Percentage change from year ago		1st quarter earnings	
	Sales	Earnings	1968	1967
Alan Wood Steel Co	+26.2	----------	$680,512	−$76,114
Allegheny-Ludlum Steel Corp	+5.7	+5.8	7,515,025	7,105,955
Armco Steel Co	+12.1	+2.0	15,505,000	15,189,000
Crucible Steel Co	−2.1	+24.2	3,610,000	2,906,000
Cyclops Corp	+8.4	+82.4	2,102,608	1,317,467
Interlake Steel Corp	+5.3	+2.5	2,993,000	2,921,000
Kaiser Steel Corp	+16.1	+176.4	8,974,000	3,247,000
Latrobe Steel Co	−12.1	−7.8	925,138	1,002,054
Lukens Steel Co	+1.8	−47.3	1,283,231	2,229,096
McLouth Steel Corp	+38.6	+826.4	4,368,884	471,597
Phoenix Steel Corp	−9.7	−58.0	356,000	847,000
Pittsburgh Steel Co	+22.9	+529.4	2,442,000	388,000
Republic Steel Corp	+18.4	+38.6	23,094,831	16,659,233
Sharon Steel Corp	+21.5	+261.7	2,174,000	601,000
Wheeling Steel Corp	−3.9	----------	5,312,000	−160,000

Note: The 1967 data are abnormal because of the automotive strikes that year.

TABLE III

Year	Thousands of net tons		Average number of wage employees
	Steel imports	Domestic steel production	
1959	4,396	93,446	399,738
1960	3,359	99,282	449,888
1961	3,163	98,014	405,924
1962	4,100	98,328	402,662
1963	5,446	109,261	405,536
1964	6,440	127,076	434,654
1965	10,383	131,462	458,539
1966	10,753	134,101	446,712
1967	11,454	127,213	424,153
1968 [1]	[2] 3,400	----------	----------
1968 [1]	[3] 13,600	[3] 148,000	432,000

[1] Source: Wall Street Journal. [2] 1st quarter. [3] Projected annual rate.

Source: AISI Annual Statistical Report, 1966.

TABLE IV

STEEL EMPLOYMENT
U.S. VS. Europe

	Column 1 U.S. Production Raw Steel million tons	Column 2 U.S. Employees Wage and Salary (thousands)	Column 3 EEC Raw Steel Production million tons	Column 4 Employees EEC (thousands)
1967	116.8 -----	555.0 (Est.) ---	99.0--	428.5---
	+3.6%	-10.7%	+50%	- 7%
1964	127.0	553.5		
1960	99.2	571.5		
1957	112.7 -----	623.8 ----------	66.0--	463.7---

Source: AISI Annual Statistical Report

Column 1 - Page 8, Table 1
2 - Page 14, Table 6
3 - Bulletin d'Information
4 - Bulletin d'Information

TABLE V

	Column 1 Steel Output per all employee man hours Index 1957-59 = 100		Column 2 Average Payroll cost per hour	
1967	120.8		$4.32	
1966	123.7		4.24	
1965	121.5		4.14	
1964	116.6		4.01	
1963	111.8		3.92	
		18.9%		38.4%
1962	106.9		3.87	
1961	101.7		3.74	
1960	98.6		3.57	
1959	105.0		3.66	
1958	93.5		3.43	
1957	101.6		3.12	

Source: Column 1 - Weidenhammer, Page 162, Table 86
Steel Imports - Staff Study
Committee on Finance, U.S. Senate.

Column 2 - AISI Statistical Report 1966
Page 14, Table 6.

TABLE VI.—GOVERNMENT OWNERSHIP AND CONTROL OF MAJOR STEEL EXPORTERS TO THE UNITED STATES

	U.S. imports (1966), steel products, million tons	Percent produced by government owned industry	Million tons, foreign government controlled, imported to United States [2]
	(1)	(2)	(3)
Japan	5.00	0	
United Kingdom	.70	[1] 0	
Canada	.70	0	
Belgium-Luxembourg	1.60	0	
France	.70	0	
Italy	.20	58	0.116
West Germany	1.20	2	.024
Netherlands	.07	40	.028
Australia	.15	0	
Mexico	.13	48	.061
Total	10.45		.229

[1] Recently nationalized.
[2] 2 percent of U.S. imports produced by government-controlled mills.
Note: All steel products imported by United States, 1966, 11,100,000 tons.

Source: Col. 1, AISI Annual Statistical Report, p. 45, table 34. Col. 2, Weidenhammer, steel imports, staff study, Senate Finance Committee, p. 305, table C–3.

TABLE VII.—U.S. GOVERNMENT REVENUE, IMPORTS VERSUS DOMESTIC

	U.S. Customs duty paid (millions)	Percent of value	Federal income tax, domestic industry (millions)	Percent of sales
1966	$93.9	7.41	$721.5	4.1
1967	96.8	7.73	405.8	2.4

Note: On an average pretax profit of approximately 0.5 percent, importers pay an additional 0.25 percent in Federal taxes. Further, stevedores, longshoremen, truckers, railroads, and insurance companies pay taxes on revenue generated by imported steel.

TABLE VIII.—HOT-ROLLED CARBON STEEL WIRE RODS, CHICAGO VIA LAKES, PRICES PER NET TON

Size and quality	1964		1965		1966		1967		1968	
	Import	Domestic	Import	Domestic	Import	Domestic	Import	Domestic	Import	Domestic
7/32 in., 1008–1015, IQ	$110	[1] $122.50	$115	[1] $122.50	$99	[2] $105.00	$98	[2] $103.00	$97	[2] $103.00
7/32 in., WEQ (ordinary)	114	(2)	113	(2)	112	[3] 116.00	107	[3] 116.00	107	[3] 116.00
7/32 in., CH Ki, 1018	139	[3] 160.50	139	[3] 160.50	139	[3] 160.50	139	[3] 164.50	139	[3] 164.50
7/32 in., 1060, Plain HR	125	[2] 146.50	125	[3] 146.50	122	[3] 146.50	122	[3] 146.50	122	[3] 146.50

[1] Commercial quality. [2] Negotiable. [3] Published.

TABLE IX

	Import prices, c.i.f., Chicago duty paid per net ton	Domestic price, f.o.b. mill per net ton	Difference in dollars per net ton	Percent difference
Hot-rolled coils, 14 gage, 36 in.:				
1965	$109	$118.00	$9.00	7.6
1966	108	121.00	13.00	10.7
1967	104	121.00	17.00	14.0
1968	94	121.00	27.00	22.3
Cold-rolled coils, 18 gage, 36 in.:				
1965	124	139.50	15.50	11.1
1966	123	142.50	19.50	13.7
1967	125	146.40	21.40	14.6
1968	125	146.40	21.40	14.6
Hot-rolled bars, C–1018, 1 in. rounds:				
1965	122	133.50	11.50	8.6
1966	121	133.00	12.00	9.0
1967	119	145.50	26.50	18.2
1968	124	145.50	21.50	14.5
Stainless sheet, 304–2B, 14 gage, 36 in. by 96 in.:				
1965	735	875.00	140.00	16.0
1966	765	930.00	165.00	17.7
1967	825	975.00	150.00	15.4
1968	860	975.00	115.00	11.7
Stainless bars, 304, 1 in. rounds:				
1965	840	1,175.00	335.00	28.5
1966	840	1,175.00	335.00	28.5
1967	840	1,175.00	335.00	28.5
1968	900	1,260.00	360.00	28.5

TABLE X.—BASED ON ACTUAL SALES IN MAY 1968 AND ON FIELD SALESMEN'S REPORTS (WHERE DOMESTIC PRICE IS BELOW LIST, THE LOWER PRICE IS SHOWN)

	Import prices c.i.f. Chicago duty paid per net ton	Domestic price f.o.b. mill per net ton	Difference in dollars per net ton	Percent difference
Wide flange beams/A–36 8 in. (17 lbs./ft.) by 40 ft.:				
1965	116.20	132.00	15.80	11.97
1966	117.20	135.00	17.80	13.19
1967	118.20	135.00	16.80	12.44
1968	116.20	135.00	15.80	13.93
10 in. (21 lbs./ft.) by 40 ft.:				
1965	112.60	129.00	16.40	12.71
1966	113.60	132.00	18.40	13.94
1967	114.60	132.00	17.40	13.18
1968	112.60	132.00	19.40	14.69
	NEGOTIATED			
Deformed reinforcing bars A–15/A–305 intermediate grade ⅝ in. by 40 ft.:				
1965	103.00	109.00	6.00	5.50
1966	103.00	109.00	6.00	5.50
1967	102.00	109.00	7.00	6.42
1968	98.00	109.00	11.00	10.09
Plate OH/LD A–36 ½ in. by 72 in. by 240 in.:				
1965	108.80	123.00	14.20	11.54
1966	107.80	123.00	15.20	12.36
1967	109.80	123.00	13.20	10.73
1968	102.80	127.00	24.20	19.05

TABLE XI.—WIRE PRICE COMPARISONS, DOMESTIC VERSUS IMPORTS

[Prices per net ton]

	Japan	Europe	Domestic redrawers and average negotiated prices by domestic integrated mills	Maximum difference	Percent difference
Bright wire, OH quality, C–1010, 6 ASWG, bare coils, Chicago:					
1968	$140.40	$137.20	$150.00	$12.80	8.5
1967	137.40	134.20	150.00	15.80	10.5
1966	136.40	131.20	150.00	18.80	12.5
1965	146.40	[1] 140.20 [2] 131.20	150.00	18.80	12.5
1964	146.40	[1] 134.20 [2] 144.20	150.00	15.80	10.5
Upholstery spring wire, AISI 7–48, 9 ASWG, Chicago:					
1968	181.40	[3]	208.00	26.60	12.8
1967	178.80	[3]	208.00	29.20	14.1
1966	180.40	[3]	208.00	27.60	13.3
1965	187.40	[3]	208.00	20.60	9.9
1964	187.40	184.20	228.00	43.80	19.2
Galvanized wire, C–1010, 6 ASWG, bare coils, Chicago:					
1968	164.80	153.40	184.00	37.20	20.2
1967	143.80	153.40	184.00	40.20	21.8
1966	142.80	150.40	184.00	41.20	22.4
1965	152.80	[1] 161.40 [2] 150.40	184.00	33.60	18.3
1964	152.80	[1] 163.40 [2] 160.40	184.00	31.20	17.0

[1] January to July. [2] August to December. [3] Not competitive.

TABLE XII

	Domestic price per N/T	Import price Chicago per N/T	Price difference per N/T	Percent difference
(A) ¼-inch H.R. stainless wire rod as rolled, type 304:				
1965	$928	$780	$148	16.0
1966	844	780	64	7.5
1967	844	780	64	7.5
1968	844	780	64	7.5
(B) ¼-inch H.R. stainless wire rod as rolled, type 316:				
1965	1,368	1,120	248	18.0
1966	1,244	1,120	124	10.0
1967	1,244	1,120	124	10.0
1968	1,244	1,120	124	10.0
(C) 0.130 copper coated stainless steel cold heading wire, type 410:				
1965	1,120	890	230	21.0
1966	1,120	890	230	21.0
1967	1,120	890	230	21.0
1968	[1] 895	890	5	.5

[1] Carpenter.

TABLE XIII.—PRESTRESSED CONCRETE STRAND ASTM A 416-64 IN REELLESS PACKS 7/16 INCH, 250,000 P.S.I.

[Price per 1,000 linear feet]

	1964	1965	1966	1967	1968
Import delivered Chicago	$50.30	$50.75	$51.95	$51.95	$51.95
Domestic delivered Chicago	$58.55	$58.55	$60.70	$60.70	$60.70
Difference per 1,000 feet	$8.25	$8.80	$8.65	$8.65	$8.65
Percent difference	14.1	13.3	14.4	14.4	14.4

Mr. BURKE. Are there any questions? Mr. Conable.

Mr. CONABLE. Mr. Orban, can you tell me do the Japanese import ore? They do, don't they?

Mr. ORBAN. Practically all of it, yes, sir.

Mr. CONABLE. Where do they get it?

Mr. ORBAN. They get some of it from the United States, some from Canada, some from Australia, Philippines—India, I believe.

Mr. CONABLE. Do you have any idea how much of their ore they import from the United States.

Mr. ORBAN. I am quoting strictly from memory. The last chart I saw was somewhere between 10 and 15 percent. They have a contract with Kaiser on the west coast.

Mr. CONABLE. Do they still buy scrap from us?

Mr. ORBAN. As far as I am informed they buy substantial quantities of scrap. The scrap people should be able to give you accurate figures on this.

Mr. CONABLE. You say we import a substantial amount of ore. Do we export a substantial amount of ore?

Mr. ORBAN. We export very much less.

Mr. CONABLE. We don't export any to Europe?

Mr. ORBAN. Not to my knowledge.

Mr. CONABLE. Are there any other offsetting exports from this country to the steel-producing countries who are now, in the words of this morning's witnesses, intruding on our market here?

Mr. ORBAN. The most substantial export would be coal.

Mr. CONABLE. Coal? We do export substantial coal.

Mr. ORBAN. Most of the European coal imports come from the United States and the Japanese split theirs between the United States and Australia. Their own coking coal is rather poor quality and they don't use too much of it.

Mr. CONABLE. How much of a factor is this type of raw material in offsetting the balance of payments deficit?

Mr. ORBAN. I don't have the figure but we can look it up and submit it.

(The following information was received by the committee:)

U.S. BALANCE OF TRADE—STEELMAKING RAW MATERIALS, 1967

Code	Material	Imports (dollar value)	Exports (dollar value)	Balance-of-trade dollars
281	Iron ore	444,450,504	71,585,032	−372,865,472
282	Iron and steel scrap	11,614,303	250,929,019	+239,314,716
283.7	Manganese	55,741,933	1,502,044	−54,239,889
321.3	Coal, lignite briquets	2,251,673		−2,251,673
321.4	Bituminous coal		482,475,420	+482,475,420
321.8	Coke of coal (suitable for fuel)	1,692,936	16,491,821	+14,798,885
671	Pig iron, sponge iron, ferroalloys	83,654,503	22,482,014	−61,172,489
Total		599,405,852	845,465,350	+186,118,913
Plus 10 percent adjustment from f.o.b. to c.i.f. basis		659,346,437		

Source: Imports—FT 135 December 1967 U.S. Department of Commerce. Exports—FT 410 December 1967 U.S. Department of Commerce.

Mr. CONABLE. Thank you.

Mr. BURKE. Thank you, Mr. Orban.

Mr. ORBAN. Mr. Chairman, there is one more point I would like to make and that is that we forgot to append a table of the cross shipments and imports of the Common Market.

Mr. BURKE. We can leave the record open at this point and without objection if you will submit it we will include it.

Mr. ORBAN. We have a breakdown of the cross shipments within the Common Market and also from third countries and we find that the statement made that these countries limit the imports to a maximum of 5 percent from third countries of origin is not quite correct. It is higher for Holland and also for Belgium, Luxembourg, and also for France.

(The following information was received by the committee:)

DELIVERIES OF ROLLED STEEL PRODUCTS IN COUNTRIES OF THE EUROPEAN COAL AND STEEL COMMUNITY

Year	National production		Imports from other Community countries		Imports from third countries		Total imports	Total deliveries in tons	
	Tons	Percent	Tons	Percent	Tons	Percent	Percent	Tons	Percent
(1) Germany:									
1965	18.262	78.40	4.154	17.83	879	3.77	21.60	23.295	100
1966	17.220	76.50	4.314	19.17	975	4.33	23.50	22.509	100
1967	16.183	76.69	3.944	18.69	976	4.62	23.31	21.103	100
(2) Belgo-Luxembourg Economic Union:									
1965	1.972	67.98	825	28.44	104	3.58	22.00	2.901	100
1966	2.096	61.81	1.159	34.18	136	4.01	28.2	3.391	100
1967	2.132	59.75	1.204	33.75	232	6.50	40.25	3.568	100
(3) France:									
1965	9.048	72.76	3.324	26.73	64	0.51	27.24	12.436	100
1966	9.266	70.87	3.708	28.36	101	0.77	29.13	13.075	100
1967	9.253	67.64	4.290	31.36	137	1.00	32.36	13.680	100
(4) Holland:									
1965	771	29.29	1.721	65.39	140	5.32	70.71	2.632	100
1966	948	32.06	1.832	61.95	177	5.99	67.94	2.957	100
1967	954	30.33	1.793	57.01	398	12.66	69.67	3.145	100
(5) Italy:									
1965	7.945	81.35	1.313	13.45	508	5.20	18.65	9.766	100
1966	8.506	78.43	1.665	15.35	675	6.22	21.57	10.846	100
1967	9.875	78.45	2.041	16.21	672	5.34	21.55	12.588	100
(6) Total for Coal and Steel Community:									
1965	37.998	74.46	11.337	22.22	1.695	3.32	23.55	51,030	100
1966	38.036	72.07	12.678	24.02	2.064	3.91	27.93	52.778	100
1967	38.397	71.00	13.272	24.54	2.415	4.46	29.00	54.084	100

Mr. BURKE. Thank you very much.

Mr. ORBAN. Thank you.

(The following article was subsequently submitted by Mr. Orban:)

[From May 1968 issue of 33/The Magazine of Metals Producing]

CONTINUOUS CASTING: TAKING OVER 10% OF SEMI-FINISHED STEEL PRODUCTION

By the end of 1969 over 13 million net tons of continuous casting capacity will be on stream in the U.S. Here's a look at what steel plants have continuous casting units, their problems and some of the likely candidates, along with a list of engineering and machine builder companies associated with the process in the U.S. and Canada.

By the end of 1969 10% of steel made in the U.S. could be continuously cast. With the advent of those slab casters going on stream in 1968 there will be 13,200,000 tons of continuous casting capacity in this country. This revolution in steelmaking practice is even more precedent shattering than the BOF wave of the 60s.

The question, Can steelmaking be done continuously?, can no longer be asked. The question now is, Under what circumstances will continuous steelmaking make sense? As to a major problem of continuous steelmaking—production scheduling—the advent of continuous casting in its present batch form has added new dimensions to production scheduling problems. Nevertheless many companies are already scheduling continuous casting machines on a day-to-day basis.

Is continuous casting the wave of the future? Can all steels be continuously cast as readily as they can be ingot cast? Will all steel production in all steel mills be continuously cast at some date in the future? If so, when? If not, why not? And if so, who is going to supply all the equipment, the engineering know-how and the capital if this new process wave sweeps the industry?

About 35 production casting units have been installed in the U.S. in the period from 1960 to 1968. These machines are the ones which will be able to cast the 13 million tons in 1969. Most varieties of steel are (or will be) cast, from concrete reinforcing bars through high quality carbon steels, alloy constructional steels, and flat rolled products of all types including plates, sheets and strip of both carbon and alloy types. (Hardenable alloys are still not castable on production basis.)

As with all other steel mill equipment, the capital cost of continuous casting machines vary according to what is included in the "machine." Based on published capital costs of equipment for steel plants such as Phoenix Steel, Tennessee Forging Steel, etc. it seems $15 per annual ton of capacity is the casting machine's share.[1] This adds up to $200 million spent since 1962 for the 13,200,000 tons of installed casting machines. This sum represents about 2% of capital investment by the U.S. steel industry during the period '62 to '68.

As to the immediate future, the most optimistic continuous casting enthusiast does not believe that as much as 50% of steel can be made by continuous casting. Yet, a sober analysis of possible installations, company by company, indicates that some 30 million tons of casting capacity could be under contract in the period of installations 1971–72, less than five years from now. This possible addition to the 13 million tons already being cast today would give 40 million tons of continuous casting capacity at the start of the process' second decade in 1972. Such casting capacity will represent about 25% of 1972's raw steelmaking potential, a not unreasonable proportion. The machines will cost $500,000,000 a figure representing about 10 percent of steel industry capital investment to 1972. This proportion of capital investment would be readily tolerable to an industry spending at a $2 billion a year rate.

Why has continuous casting suddenly caught on?

Low cost increase in capacity is the key reason why continuous casting machines figure so high in steel industry plans today. How this need for increased capacity works can be most readily seen in the recent history of small steel plants in the U.S. In the carbon and low alloy steel products field there are 33 steel plants in the country each with annual raw steel capacities less than 200,000 net tons. (See table at end of article.) These plants have a combined capacity of 3.6 million tons of steel, representing less than three percent of total U.S. steelmaking potential. Yet these 33 plants have 15 of the 35 production continuous casting machines in operation (or under construction) in the U.S.

Quite clearly, continuous casting represents a major breakthrough in production layout. Many small plants have been built around a continuous caster as their only semi-finished production unit. Such plants are based on scrap remelting using electric furnaces of less than 30 ton capacity. Rolling is generally done in roughing mills of 18 in. size with finished bar (usually hot rolled, rebars and light angles) rolled in 12 in. cross country mills. Prior to the advent of continuous casting machines, these plants cast billet size ingots. Continuous casting practices for these hot rolled bars and structural plants result in a major saving through increased yields. In addition, continuous casting machines make a more nearly continuous steelmaking practice with advantages in quicker scheduling and lower cost operations throughout. Finally, it is easier for a small steelmaker to make higher quality products by continuous casting than with billet ingots.

---

[1] Capital costs per anual ton of capacity will be less than $15 as machine capacities become greater, and designs less compler. Nevertheless, 33's survey indicates that $15 is a useful order-of-magnitude cost figure.

As a result, it is likely that no more small tonnage carbon steel plants will be built on a greenfield site except around a continuous casting machine. This has been true in the U.S. since 1964. In addition, any expansion of capacity in existing steel plants of less than 200,000 ton capacity will be by way of continuous casting. (Oregon Steel is an interesting exception. It soon will install pressure casting for carbon steel slabs which will be rolled into plates.) Thus, companies like Kentucky Electric Steel or Structural Metals will almost certainly install continuous casting machines as their production needs grow. Kentucky Electric with its second electric furnace on the line now has production capability of 140,000 tons/year. "We're talking to continuous casting engineering companies right now," says Sam Mansbach, sec.-treas. "We'll install a machine within the next year—if imported steel let's us," concludes Mansbach. Continuous casting could also be the way of modernizing the older plants with open hearths (Judson Steel in the West and Washburn Wire on the East Coast) as open hearths become more costly to operate especially in regard to air pollution.

As noted, continuous casting practice also makes it simpler for these smaller steel companies to upgrade their product mix. This is a prime reason Pollak Steel, for example, chose continuous casting. One of the most successful production records for continuous casting quality steels is held by Roblin Steel. Roblin has been making forging and cold-heading grades of steel since the company started new steelmaking in 1965. Making these grades of steel in a mill setup of less than 200,000 tons capacity with billet ingots would be very difficult. From a competitive commercial standpoint it would probably be impossible. But with its continuous casting machine Roblin has been able to successfully penetrate the high quality bar market.

Where do their machines come from?

The list of small steel plants shows the useful role these companies have played in development of continuous casting in the U.S. The engineering companies supplying machines to the small steel companies include all major promoters of the process now operating in the U.S. (except for newcomers like Dravo, Penn. Eng., Danieli etc.). Thus, the small steel companies have furnished the battle and breeding ground for production development of commercial casting machines in the U.S. Allegheny-Ludlum was a pioneer with its Watervliet continuous casting machine, going on stream in 1949. This installation was an example, however, of the hazards of being an early bird. Watervliet's specialty steel mix is still the kind of steelmaking least daptable to continuous casting. Allegheny-Ludlum bowed out in the '50's and it's still standing on the sidelines. Another group which worked on continuous casting of specialty steels in the early 50s only to drop it, was a team from Bethlehem Steel's tool steel research.

Subsequent to the Watervliet installation it was to be the small companies who jumped into full scale production with continuous casting machines. This occurred in the late '50s and early '60s, as more small steel companies were formed or expanded their operations. In this period there were only a few engineering companies offering continuous casting know-how. Today, a decade later, these are a baker's dozen offering continuous casting know-how and machine building expertise, (There are also patent and licensing situations, especially regarding curved mold machines, creating an unpredictable future for straight vs curved mold machines.)

For those steel companies in the market for continuous casting machines—and 33 believes most steel companies are—there's a list of engineering (and machine builders) to call in along with some background on their experience in the field. (See table at end of article.)

There are several possible groupings of these engineering companies as related to continuous casting. Some are concerned with conceptual design, others with machine building, others with steel plant engineering and construction. Some offer combinations of capabilities. Continuous casting concept engineering has become one of the most international of activities in the steel industry. Several leading companies, particularly Concast, Inc. (but also including Demag in Germany and Olsson in Switzerland), have adopted the policy of being a central clearinghouse for patents and engineering know-how as the basis for their expertise. Continuous casting machine contracts are then let to machine builders and and other contractors (either as affiliates or as sub-contractors) usually domestic to the country where the casting machine is being installed.

U.S. CASTING MACHINE BUILDERS

In the U.S. there are five machinery companies actively associated with continuous casting. These are Mesta Machine, E. W. Bliss, United Engineering, Blaw Knox and Birdsboro Corp.

Mesta Machine Co., Pittsburgh, Pa.

Mesta has established a continuous casting division headed up by Herb Lemper. This group has developed and patented several mechanical improvements in continuous casting machines including among others, a progressive shear, a braking control on the mold oscillating equipment, a dummy bar and a horizontal continuous casting machine (still in the design stage).[2]

Mesta designed and built for Concast the Atlas Steel slab machine (start-up 1965), and The Steel Company of Canada's six-strand billet machine (start-up 1966). Both machines use the curved mold concept with the design, engineering and fabrication by Mesta. In addition, Mesta is furnishing the six-strand Jones & Laughlin (Aliquippa) Koppers billet caster (start-up early 1969). To just which company the conceptual aspects of the J & L machine should be assigned is one of those steel plant equipment puzzles: Mesta states about the Jones & Laughlin machine "it is our own complete design." Various engineers and operating people from Jones & Laughlin privately state they had a major influence in the machine's design. What is certain is that Jones & Laughlin is purchasing and installing in its Aliquippa works through a turn-key contract with Koppers a new steelmaking facility including a six-strand continuous casting machine being built in Mesta's Homestead shops.

Mesta has evolved its own continuous casting machine design which is offered by the company on a turn-key basis as the company does with its rolling mill services. It is of interest that Mesta has several machine builder licensees of its casting machine design. (These include: Italmesta SpA, Italy; Maschinenfabrik Sack, GmbH., Germany; and Beloit Sorel, Ltd. of Canada.)

E. W. Bliss Co., Salem, Ohio

Bliss's Rolling Mill Division has established a continuous casting group, headed by chief engineer Joe Heigel, which works in cooperation with the firm's Engineering Research and Development Center in Swarthmore, Pa. The company's activity in this field includes a twin-strand curved mold billet caster at Manitoba Rolling Mills built to Concast designs (start-up 1966). Bliss is currently building the Concast designed twin-strand curved mold slab caster at Phoenix Steel, whose 80" x 12" maximum size is the largest in the world (start-up 1968). The arrangements with Bliss included the entire plate making equipment installation as part of a $27,500,000 turn-key contract. Bliss is also building the Timken four-strand billet caster as the machinery building subcontractor to Concast (start-up 1968). The twin-strand slab casting machine for Republic Steel at Canton, Ohio of Babcock and Wilcox design is also being built by Bliss.

United Engineering & Foundry, Pittsburgh, Pa.

United is the other U.S. heavy steel mill machinery builder which has evolved its own continuous casting machine. (United in the early 60s worked with BISRA and related groups on continuous casting.) United's is a low-head straight mold, curved apron design. Two such machines have been put into operation to date. A twin-strand 2 in. and 4 in. square unit was started in 1965 at Wickwire Brothers, Cortland, N.Y. The machine was technically successful but costs of producing the small tonnage needed by Wickwire made the operation unprofitable and the unit has been shut down. United's second machine started in 1967 at Etiwanda Steel and is presently making 4½ in. billets on a production basis. United's continuous casting operation is headed up by Frank Kyes.

United also produces pressure pouring equipment under license from the developer of the process, Amsted Industries. United has built installations for stainless slabs at Ingersoll Steel. New Castle, Indiana, and Nyby Bruks Aktiebolag, Sweden. The company will also build a pressure pouring installation for stainless slabs at Kawasaki Steel, Japan, as well as Oregon Steel's facility for carbon slabs.

---

[2] Horizontal casting may be the wave of the future. In the course of getting this article together, 33 has learned that both the Concast and Olsson groups are putting horizontal casting units into production—in the U.S. and overseas, respectively. It is still too early for production information from these units (it is believed that the Olsson unit went on the line first) but it can be stated that this "machine of the future" is already here.

Birdsboro Corp., Birdsboro, Pa.

Birdsboro has built three of the Demag-designed machines now operating in the U.S. While maintaining interest in continuous casting under direction of Robert Miller, Birdsboro at the present time does not have any machine in fabrication.

Blaw-Knox Co., Aetna-Standard Division, Pittsburgh, Pa.

Blaw-Knox continues casting activity is carried out by its Aetna-Standard Divison. Blaw-Knox is the machine builder for National Steel's Weirton dual twin slab caster (start-up 1968) which has the largest productive capacity of any unit made by a U.S. machine builder. The Weirton unit was designed by Schloemann AG of Dusseldorf, Germany under license by Concast, Inc. of N.Y.

Other machinery builders

A sixth machinery builder, Dominion Engineering Works Ltd., a Canadian General Electric affiliate, is now fabricating the Great Lakes Steel continuous casting machine to Concast designs. This machine is a 4-strand Concast curved mold unit, designed to cast 7¼ in. blooms. Approximate cost of the machinery contract held by Dominion Engineering is $2½ million.

Both small and large steel companies, notably Tennessee Forging Steel and U.S. Steel, have independently designed and built their own casting machines. These units were fabricated either in company shops or in various contract machine shops. One such shop is the Gladwin Corporation in Detroit, Michigan area. This company has fabricated both continuous casting molds and casting machine assemblies.

Where does a U.S. steelman go?

The most important companies in the continuous casting field are those with basic design know-how which usually includes patent ownership or rights and varying degrees of originality in machine design. In addition, particularly for smaller steel companies, it is useful if the casting machine design and engineering company can also provide fabrication and erection services. Surprisingly few companies in the casting machine field can supply a turnkey job from A to Z. In the U.S., Koppers Co. is the largest company that has been doing this. Koppers now has nine machines operating (or soon to start) in the U.S. Babcock and Wilcox has also been involved in continuous casting for many years. Concast, which has the most machines in the field, is a U.S. based operation with international affiliations. As noted earlier, United and Mesta are two U.S. machine builders with their own casting machine designs. All other basic idea companies are based outside the U.S. working in the country through direct sales representatives, or U.S. affiliates.

U. S. continuous casting machines now on line or to go on within a year

Company (Concept basis):	*Number of machines*
Concast, Inc	13
Koppers Co	8
Demag Group	5
Babcock & Wilcox	3
Designed by steel company user	2
Mesta-Koppers	1
Gamma Engineering	1
Olsson/Western Gear	1
United Engineering & Foundry	1
Total	35
Production unit deactivated	1
Developmental units	6
Total in U.S	42

The following brief description of these conceptual continuous casting companies outlines their activities primarily as they affect developments of the process in the U.S., and to some extent, in North America.

Babcock & Wilcox, Tubular Products Division, Beaver Falls, Pa.

Babcock & Wilcox is a major diversified supplier of industrial equipment and goods used in consumer products. Its Tubular Products Division is a captive steelmaker with approximately 600,000 tons of raw steel capacity manufactured mostly into seamless tubing. In the early 40s B&W entered into joint development work, with Republic Steel on the continuous casting of steel. The company was the first to continuously cast steel on any consistent scale in the U.S. and is one of the pioneers of the process. B&W's original caster with its 6 ton electric furnace hot metal supply located on the casting floor (at 75 feet above the shop floor, it is probably the highest melting unit anywhere) has not been in operation since the beginning of the Roanoke project. B&W has continued development work on continuous casting by having Roanoke cast heats for other steel companies. Nevertheless ,the Tubular Products Division has not installed continuous casting in its own production operations. "Too great a product mix of known castable steels with not enough production of any one item at any one time," explains Isaac Harter, Jr., B&W's long-time head of continuous casting development and promotion.

Engineering and sales of continuous casting equipment has been an important activity of B&W's Tubular Products Division under Harter. The group's first commercial machine came into production at Roanoke Electric Steel in 1962. This unit was also the first production continuous caster in the United States. B&W's second and third commercial machines are presently under construction at Republic Steel's Canton plant. One of these, a four strand bloom caster, is being completely handled by B&W. The second unit, a twin strand slab caster, was laid out by Babcock & Wilcox, and detailed and built by E. W. Bliss Company under a sub-contract.

Koppers Co., Pittsburgh, Pa.

Koppers has been associated with continuous casting of steel almost since the process started in the U.S. In combination with the Rossi-Junghans group, Koppers was the contractor for the pioneer steel casting machine at the Watervliet plant of Allegheny-Ludlum in 1947. Koppers maintained joint ventures with the Rossi group (through Continuous Metalcast Inc.) until 1962. In the early 50s Rossi-Koppers built the pioneer slab-bloom casting machine for Atlas Steels at Welland, Ontario. Several other Rossi-Koppers machines were built in Switzerland, Mexico and Canada before their split in 1962. Since then, Koppers has built or has under construction, twelve machines world-wide. All are straight mold machines, some with bending, some with vertical cut-off configuration.

One of the Kopper's machine under construction is a 18 strand billet caster at Ensedesa, Spain. The set up consists of 3 machines, each of six strands with a range from 4 to 8 in. squares. This high-production unit is certainly the most daring of its kind because of the large number of strands. Start-up of this machine will be watched closely for an indication of design trends for larger capacity machines. This installation will take the entire output of 1.5 million tons/yr of a three furnace BOF shop.

Koppers has become one of the major exponents of straight mold casting machines. Koppers has not built any large slab casting units after the first Atlas unit—perhaps because of its feeling about straight mold, perhaps because of metallurgical problems. At the company's annual meeting this year. Fletcher Byrom, president, said that Koppers has the know-how to design and build slab casters and he indicated strong interest on the part of Koppers in getting orders for such units.

Several technical factors in regard to slab casting are probably affecting Koppers' decision. Vertical slab casting in straight mold machines results in very high ferrostatic heads in the solidifying slab. This high head could be a cause of metallurgical problems with such units. In any event, supporting the 30-plus ton weight of the slab in vertical position creates problems in pinch roll design. Persumably, these are some of the factors creating difficulties for U.S. Steel at its Gary slab caster. (It should be noted that Russian designers have so far opted entirely for vertical slab casting, with nearly 15 million tons installed.) In any event, at present slab casters of curved mold, low head types are unquestionably simpler from an installation standpoint. Whether Koppers, the major exponent of straight mold casting, can overcome these problems by some yet-undisclosed design improvement remains to be seen.

Concast, Inc., New York, New York

The Concast group, by the yardstick measure of number of machines in operation, is the world's largest. Under the leadership of Irvin Rossi, Concast has been active worldwide in engineering, design, construction and promotion of continuous casting. Concast, Inc. is the present U.S. organization whose antecedents go back to Rossi-Junghans days of nonferrous casting (World War II days). In 1947 the pilot Watervliet (Allegheny-Ludlum) machine was installed. In 1949 Rossi formed Continuous Metalcast Corp. Inc., N.Y. and in 1954 Concast AG, Zurich. Rossi's method of advancing the development (and use) of continuous casting machines has been that of creating plant-scale machines in three way arrangements between steel companies, machine builders (or steel mill engineering groups) and Concast. In addition, Rossi has license agreements with continuous casting machine users. These licensing agreements provide for exchange of information between licensees (the steel companies) with Concast (either in New York or Zurich) acting as the clearing house. The licensing agreements also usually contain a requirement that "operationol results are reported on a confidential basis." As a result, Concast licensees have frequently been reluctant to discuss their operations with outsiders. This secrecy posture, however, has been somewhat diminished in recent years.

The Concast group's list of pioneering concepts includes promotion of curved molds (beginning in 1963), slab casting with curved mold, and large scale beam blank casting (now in operation in Algoma Steel).

Gamma Engineering, Ltd., Whitby, Ontario, Canada

Gamma Engineering designed, engineered and, on a turnkey basis, supervised erection of the North Star Steel 100,000 ton/year hot rolled bar mill at St. Paul, Minn. Production is based on a three-strand Gamma-designed billet caster for 4 x 4 to 6 x 6 in. product. North Star has been operating since June 1967 and is the second plant (Newfoundland Steel was the other) completely engineered by Gamma and based entirely on continuous casting practice. Gamma Engineering machines are of the comparatively low head, straight mold, curved bender type.

Demag Stranggies-Technik GmbH, Duisburg, Germany; American Demag Corp., New York, New York

Demag is a German steel mill machinery and equipment builder. The first Demag built continuous casting machine went into operation in Terni, Italy in 1958. Since then Demag has maintained active association with continuous casting through various corporate combinations. The company is presently building casting machines based on Mannesmann's know-how. (Mannesmann now has over one million tons of slab casting capacity, the largest total production units currently operating). Through Mannesmann, Demag also has access to the MBC Continuous Casting Ltd. patent exchange (worldwide, except U.S. and Canada).

Demag is represented in the U.S. by American Demag. Machines presently installed are at Armco's Butler and Sand Springs plants and at Copperweld Steel. The present Butler machine is for development work. Armco has a new Demag production twin-strand slab caster on order. The McLouth slab caster now being installed (of Concast design and Schloemann manufacture in the upper section) will have a Demag built withdrawal system patterned after the Mannesmann 1967 slab caster.

Surface Combustion Div., Midland-Ross Corp., Toledo, Ohio

Surface Combustion Div. has been building furnaces for the steel industry for many years. Recently, Surface Combustion has expanded into process developments for industry, especially those related to heating. As part of possible continuous steelmaking, the company has acquired world sales rights for the Hazelett belt caster. (See Sept. '65 issue of 33, pagee 61). Three experimental belt casters have been in operation in the U.S., (1) Bethlehem Steel Research Laboratory, (2) Oregon Steel Mills, Portland Oregon and (3) U.S. Steel Research at South Works, Chicago, Illinois. There is also an experimental unit in Japan.

These units have successfully cast steel (Bethlehem's machine has cast ten ton heats into slabs of 4 in. by 12 in. cross-section). Bethlehem has reportedly had similar metallurgical performance on the belt caster as on its more conventional continuous caster. Ugine Kuhlman at Avignon, France will put into operation, sometime this year, a production strip caster. This unit is designed to make stainless slabs up to 51 in. wide. Nevertheless, Surface Combustion expects the Hazelett casters to become an essential part of its continuous steelmaking in-

stallations. The belt casters (now widely used in the nonferrous industry) are manufactured by the Hazelett Strip Casting Corp. in Winooski, Vermont.

Western Gear Corp., Direct Steel Casting Dept., Loftus Engineering subsidiary, Pittsburgh, Pa.

Western Gear is a California based special machines builder and is the U.S. representative and builder of Olsson designed continuous casting machines (see 33, September 1966). Two such units are operating in the U.S.: A straight mold 37 in. by 8 in. slab caster installed (1965) in Bethlehem Steel's Research Department and a 4 strand production billet machine at Pollak Steel, Marion, Ohio. Olsson's machines are unique in having horizontally adjustable mold tables along with an Olsson design hydraulic mold reciprocation. Their general design is straight mold, with subsequent bending of cast material.

The Western Gear-Olsson relationship exists also in Japan (through the Loftus Engineering subsidiary). There are five Olsson designed machines operating in Japan, all production units for casting billets of various sizes from approximately 3 in. to 7 in. square or rectangular. Several other Olsson-designed machines are operating in Europe.

Newcomers to the scene

Many other companies are taking various steps with the expectation of participating in the expected continuous casting machine growth in the U.S. market. These companies cover steel industry spectrum from engineering construction companies (Kaiser Engineers and Swindell-Dressler, for example) through overseas machine builders to major components builders such as Zak, Inc. (molds) and the instrument and systems equipment suppliers. It is probable that several hundred companies have already (or will) supply something for continuous casting machines.

Although a listing of all such companies would be outside the scope of 33's review, some are worthy of mention either because of pioneering effort or unusual circumstances surrounding their continuous casting activities:

Interlake Steel Corp., Chicago, Ill.

This U.S. steelmaker has developed a vibrating mold casting machine several units of which are now going into production in high alloy plants(Driver Harris and Triangle Conduit). Here's how Interlake describes their new units: "Interlake Steel has developed a new high speed continuous casting machine adaptable to a wide variety of small cross section casting needs, from low temperature alloys to extremely high temperature alloys or pure metals. The machine will yield casts of finer than usual metallic grain and highly uniform metallurgical structure. Present Interlake models are particularly suited to the needs of manufacturers of wire, rods, bars and light structural shape. According to an Interlake spokesman, the secret of the casting lies in a unique mold system which enables the machine to run cooler, yet faster, because of elimination of much of the contact between molten metal and molds common in other casting systems. This should also result in extremely low wear rate and low maintenance cost, the company says.

Continua International Casting, Italy; American Ligurian Company, N.Y.; Danieli of America, Baltimore, Md.

This group of companies, the oldest established in 1962, working with an Italian engineer (Dr. E. Colombo previously with the Concast group) designed a straight mold, low head casting machine. To date 19 of these units for billet casting in the under 200,000 annual ton range have been installed in Greece, Italy, Spain and Switzerland. These machines were engineered and manufactured by Danieli SpA, an Italian heavy machinery builder.

Dravo Corp., Pennsylvania Engineering Corp., Voest International

These engineering-construction companies are organizing for activity in the continuous casting field. Dravo has U.S. license rights to the BSR process and know-how. Pennsylvania Engineering is also staffing for turn-key continuous casting plant installation capabilities.

Voest International is the New York-based representative of Vereinigte Osterreichische Eisen and Stahlwerke AG. Voest (a supplier of BOF vessels to several U.S. steel companies) has designed and built the first production machine to use the BSR strand reduction process (this single strand billet machine is presently going into operation at Gebr. Bholer, Kapfenberg, Austria).

Cutting strands to length

Worldwide, there are about 240 continuous casting machines with about 570 strands. A critical design aspect is the parting method for cutting the strands to length. For cast sizes under 4 in. square, the least expensive and most effective cut-off is with the use of shears. Both mechanical and hydraulic shears are made for this service by most machine builders or specialty suppliers to the steel industry.

For billet and bloom sizes greater than 4 in. square an upper limit of practicability for shears is quickly reached. Shearing of hot steel blooms and slabs as large as any that can be rolled is readily accomplished in rolling mills where the space for the rugged equipment required is no problem. In continuous casting installations, however, especially for multistrand machines, mechanical shears for larger size pieces normally take up too much room. Mesta has recently patented a mechanical progressive shear that can be installed in close quarters. Even hydraulic shears present problems of adapting to close clearances desirable in casting machine design. Finally for slab cut-off, after certain size ranges are exceeded, in general only oxygen torch cutting permits practicable machine dimensions.

Because of its flexibility and comparative low capital cost, torch cutting has been widely applied to continuous casting installations. Most of the oxygen-cutting equipment manufacturers have built torch cut-off units (in the U.S., Linde has been a major supplier). Worldwide, particularly for slab cutting, one of the largest oxygen cut-off machine manufacturers is Messer-Griesheim of Frankfurt, Germany (Airco is the U.S. representative). This company has furnished nearly 100 cut-off installations, including those at Algoma, Armco, Phoenix and Timken. Some of the larger slab torch cut-off installations cost over $100,000 because of their required high degree of ruggedness and complete automation.

New practices: new problems

Start up problems experienced with recently commissioned continuous casting machine have been formidable—the process is still not a simple button-pushing affair. At the recent AIME meeting in Atlantic City the reports from five plants which had 66–67 start ups had this common theme—it ain't easy.

Mannesmann's H. Schrewe described his company's 5 years of wide (up to 2000 mm) slab casting. Mannesmann's Huckingen plant is now at nearly 2 million net tons slab casting capacity. Huckingen's last machine (commissioned in about 1964) started up with minimum of difficulty. Within a few months it was producing 2000 tons of slab daily. Current rate is 4000 tons daily.

Mannesmann's slab caster is operated with normal production concepts. Mannesmann still scarfs all surfaces of all cast slabs. This is primarily to allow for closer surface inspection, but also to give as good a surface as possible. "If we roll a 40,000 lb. coil," says H. Schrewe, "and there's only one defect in the middle of it, we would have to divert that coil." Then Schrewe echoes flat rolled steel producers world wide: "This diversion would be more expensive than our conditioning operations on the as-cast slab."

U.S. & Canadian machines put into production line in the last several years have been mostly for blooms and billets. Four such units (three in Canada and one in U.S.) have broadened American steelmakers' knowledge of casting to include both easy and tough specifications steels. The question of the interrelation of mechanical design and metallurgical problems cannot be precisely answered. It is likely that tens (maybe hundreds) of variables affect the final product—the billet, bloom or slab—when teeming liquid steel through a casting machine.

Since continuous cast steels do represent a major change in steelmaking practice, they also represent a major problem in developing a new set of metallurgical controls. To paraphrase George Newton of Stelco: Over the years certain optimizing operating factors have been developed in conventional ingot-billet practices. Such techniques as hot topped ingots, large top and bottom discards, a usual 40 to 1 reduction of area, and other procedures are all being used to produce high quality steels. Steelmakers are now being challenged to learn what similar techniques are necessary for getting required quality in direct cast steelmaking.

On the subject of metallurgical practices the following comments were made to 33 by a steel plant metallurgist. "Acceptance of continuous cast parts or material for uses in the automotive trade is not automatic. Long trial tests are still required to prove the method and materials. As to application of a given cast

heat to an order diversions are still necessary, 10 percent is not uncommon. This puts a double load on metallurgical departments which must continue to sell continuous cast billets and products and dispose of the off specification heats."

Rebars and light structurals

Most continuous casting plants in routine production in the U.S. and Canada make steel products to strength and surface specifications that are less demanding. Connors Steel Div. of H. K. Porter, and Roanoke Electric, two of the first into continuous casting, both operate straight mold machines making either structurals or rebars. Florida Steel, Soule Steel and Armco at Sand Springs, have gone into production in the last several years with curved mold machines making similar products. (For a complete listing of these under 200,000 ton/yr plants.)

Quality steels still require rigorous testing

Roblin Steel went on stream in 1964 with a straight mold machine making quality rod and bar stock. Cold heading steel made by Roblin must meet demanding specifications, both for internal cleanliness and defect-free surfaces. Roblin's practice has evolved into the customary close inspection familiar to quality alloy steelmakers for many years: 100% surface inspection with defect removal by chipping or grinding with top, middle and bottom acid etch tests for internal soundness and cleanliness checks. Roblin, from the start of its steelmaking, has had a corner crack problem. This is being "solved" by continuous corner removal during casting operation.

As to internal cleanliness and soundness, Roblin has evolved an elaborate argon gas shrouding practice to maintain existing levels of deoxidation as liquid steel is teemed from the ladle to mold. Roblin has applied for patents on the practice and given it the name "Impact."

All continuous casting operators making top quality products are concerned with keeping nonmetallic inclusions under control. Gas shrouding, of which the Roblin closed system is the most elaborate, is in common use. Various kinds of shielding powders are also used, especially in slab casting. Here, also the use of snorkel tubes for submerged pouring keeps liquid steel away from the atmosphere. Though these systems are more or less effective, the ultimate system of completely sealed transfer of liquid steel to the casting mold has yet to be developed.

In the U.S. the most recent addition to continuous cast quality steelmakers is Wisconsin Steel Div. Mel Nickel, manager of steel production, has had the job of setting up quality steel practices for continuous casting high quality forging and constructional alloy steels made in BOF furnaces (some 75 specifications are cast). Wisconsin has a raw steel capacity of 1.2 million tons annually, and has an 8 strand casting machine of some 0.4 million tons capacity as well as a Dortmund-Horder vacuum degasser with capacity equal to that of casting machine.

With a straight mold, vertical cut-off machine Wisconsin has no question of effect of bending on internal soundness (Wisconsin's "straight" casting practice was selected to insure trouble-free high sulfur steel product casting).

Wisconsin's inspection methods include spot billet surface and internal inspection at the discharge end of the casting machine. Results of this spot inspection give a statistical pattern of casting machine (and strand) performance for control purposes. 100% inspection is performed on all heats at the usual conditioning beds ahead of Wisconsin's bar and billet mills. These control procedures have enabled Wisconsin Steel to develop a continuous casting practice for "routine" production of quality steels. The important conclusion to be drawn is that Wisconsin's experience demonstrates that this is possible. It must also be observed that developing metallurgical controls is a never ending process both to accomplish the necessary upgrading of steel quality and to reduce operating costs. In this sense, Wisconsin Steel along with all other continuous casters is still pioneering both in developing the ideal casting machine design and the ideal steelmaking practices to use with that ideal design.

Stelco (Steel Co. of Canada Ltd.) has also been continuous casting for about a year and a half. Stelco's machine is a six strand curved mold billet (4 x 4 in.) caster, using open hearth steel. Stelco has cast a fairly wide range of carbon steels for hot rolled bar and rod, including cold heading and manganese spring steels. Results to date demonstrate that multi-strand small size casters can be

cantankerous machines—but that quality steels can be made. Metallurgical and operating problems were discussed by G. Newton at the spring AIME meeting. His list of recommendations:

Close attention must be given to maintaining machine, tundish and ladle in top condition.

Tapping temperatures must be closely controlled.

Argon stirring of molten steel in ladle is essential for maintaining uniform metal temperature.

Sensible casting speeds must be used.

Proper guiding of billet helps maintain shape and consistent cooling.

An experienced crew is required.

It will be noted that some of these recommendations cover machine characteristics and some metallurgical aspects. Newton's further descriptions of development of Stelco's deoxidation practices, argon degassing, changes in guide design, inclusion control all demonstrate the as-yet unavoidable difficulties of continuous casting of higher quality billet and bloom steels. Some of these are: corner cracks, pinholes in silicon killed steel, and trapped slag and non-metallics in aluminum killed steels.

Casting acceptable centers

Continuous casting experience of Copperweld's Aristoloy Division, an important U.S. producer of high quality constructional steels, has not yet been officially disclosed. Copperweld's Demag-designed curved mold 4-strand machine was commissioned several years ago, but there were some start up problems. Also, in order to work center porosity sufficiently to achieve satisfactory bar physicals, Copperweld has had to go to a minimum of 10 to 1 reduction. This metallurgical problem of center porosity seems to be inherent in continuous casting of steels. Sound centers become essential when making high quality constructional steels. This is the basis for the improvement claims of BSR (Bohler Strand Reduction). Bohler has patented a process for reducing the cast section by rolling while the center is still liquid to a maximum 20% reduction. The first production machine using this process went on stream a short while ago at Bohler's plant in Kapfenberg.

Bohler Brothers Ltd. of Kapfenberg, Austria is an alloy and specialty steelmaker, and has had a continuous casting machine in operation since 1952 (twin strand vertical, squares to 150 mm sq and flats up to 300 by 100 with 4 and 10 ton electric furnace steel supply). Not surprisingly, Bohler has developed a great deal of know-how in continuous casting technology (see 33 issue of September and October 1966 for report on Bohler mold developments).

Two steel companies in the U.S., Timken and Great Lakes, are adapting their casting machine practice to use the BSR in-line bloom reduction. The single-strand BSR units are being supplied by Concast. In the case of the Timken installation, Selas Co. is supplying reheating units between the secondary spray chamber and the BSR stand. Exactly what effect the strand reducing process has on center conditions in quality steelmaking under U.S. conditions will not be known until the two machines are operating. Beneficial effects are presently being extrapolated from Bohler's development work. The need for some kind of metallurgical tool for "working" direct cast alloy steel centers is suggested by Copperweld's experiences as well as by general appearances of as-cast bloom cross sections. There is also some indication from Stelco's experience that continuous casting creates directional agglomeration of non-metallics on certain grades. Whether this results from the curved mold design or from some other cause is not presently known. The whole question of non-metallic segregation in continuous cast products is one of the major quality problems, regardless of machine configurations, as the grade quality requirements become more severe.

In summary, from a metallurgical standpoint, continuous casting of bloom and billet size steels is a firmly established process in the U.S., with 5 million tons of capacity now in production or going into production shortly. Only hot rolled merchant bar and structural steels casting can be considered metallurically a completely predictable operation on the basis of U.S. experience to date. For these products, every machine design type with any liquid steel source can be expected to make saleable products.

Continuous cast steels of bloom and billet size, of most constructional alloy steels are now being made in the U.S., (and Canada) sucessfully, but with metallurgical difficulties requiring development of new techniques. These include:

Changes in liquid steelmaking practices (this is equally true of electric furnace, open hearth and basic oxygen steelmaking all of which are being used for continuous cast steels).

Changes in pit practices on ladles for continuous casting.

Use of argon stirring of steel in large ladles.

Modified deoxidation practices. Some of the factors affecting this are: Aluminum killed steels are preferred for many applications but there are problems in casting such steels in small billets and blooms. Aluminum oxide plugging of nozzles is one of the serious problems in small nozzle bores. Substitution of columbium or vanadium for deoxidation is acceptable but these alloy residuals affect established heat treating cycles in mass production shops.

Mechanical modifications to the continuous casting machines as originally designed.

The probability of using direct strand reduction as an integral part of the casting process.

Extensive inspection practices at the same levels used for traditional ingot-rolling practices.

Slab casting—U.S. steelmen just getting under the tent

For stainless (of the 300 series) and silicon transformer steels, Atlas Steels' historic (1953) Welland casting machine and more recent (1966) Tracy machine, along with Armco's Butler Plant experiences demonstrate conclusively that slabs of these alloys can be and are being cast on a production basis. While there are quality control metallurgical problems, these are solvable within the limits of normal shop operating practices.

Two more stainless slab casters are under way. Republic's Canton Plant slab caster will go into production this year, making stainless slabs from electric furnace heats. At 200 tons these will be among the largest stainless heats ever made. Crucible's Midland Works will also start stainless slab casting, probably sometime in 1969. With stainless being made in an oxygen converter, in addition to Crucible's arc furnaces, this too will be a unique set up.

For plates, returns to date are based only on European practices and there the evidence is overwhelming (33, January '68, page 94) that most grades of plate steels can be successfully cast. The industry concensus is that no unsolvable metallurgical difficulties will arise when Phoenix Steel starts up its plate caster. Making plate slabs by continuous casting will, in all probability, become the norm for the industry. It should be noted that there will be some formidable scheduling problems involved for plate makers as well as the question of reduction ratios for plates over 2 in. thick.

For sheets and strip

McLouth Steel is spending $105 million for a large tonnage sheet slab caster system starting up in 1968. McLouth's decision is based on substantial quantities, probably in the 100,000's, of sheet tonnage shipped to automotive and other users and made from slabs cast in their developmental continuous caster. This has demonstrated the metallurgical feasibility of making automotive sheet grades by continuous casting. McLouth gave 33 its policy in regard to continuous cast steel this way, "McLouth announced that it will make 'rimmed' steel which will meet automotive or appliance, or any use to which sheet steels are normally applied." As to precise details of their continuous casting practices, McLouth will not talk for the record until after their new equipment is in production.

It should be noted that McLouth is making a substantial extrapolation of its development work. The new McLouth casting machines are of Concast curved mold design vs the earlier Concast straight mold in their development unit and have capacity of possibly 3 million tons/year vs less than a quarter of that in their original unit.

U. S. Steel's Gary production slab caster is presumably making a product similar to that of McLouth's. No official comment has been made by U. S. Steel, either about their machine or their operating practices or the products they are making. The following observations have been gathered by 33 from various sources.

The U. S. Steel caster is a vertical mold single strand machine with vertical cut-off (the casting floor is very high for this reason). The casting machine is located in a building adjacent to U. S. Steel's 3 vessel BOF shop and uses oxygen steel in its operation. Casting was started in April '67 and is continuing to date. Some 80% of steels cast are 0.10 max carbon and as many as 16 heats (of nominal 150 ton size) have been cast in one day.

U. S. Steel is hand scarfing all surfaces cast, a common industry practice for high quality sheet steel. U. S. Steel's experience with customer acceptance of continuous cast steel is not known. On the basis of fact that they are continuing production casting it must be assumed that their product is acceptable to sheet users.

National Steel's Weirton plant will soon start producing continuous cast slabs on its 4-strand curved mold machine. This unit is located in the same building with Weirton's new BOF furnaces and their R-H vacuum degassing equipment. Weirton's caster has slab size ranges from 7 in. by 30 in. to 11 in. by 40 in. for their tinplate mills. Weirton will be casting on a 1.5 million annual ton production basis (heat sizes from Weirton's BOF are over 300 net tons).

Weirton Steel is pioneering with 1) its casting machine, a back-to-back curved mold dual twin-strand machine, 2) with its overall process (including the world's largest heat sizes being cast) and 3) with the product, tin plate, which the company is making for the first time on a production basis using continuous cast slab.

U.S. status of slab casting

In summary, slab casting practices are in a lively state of development in U.S. steel plants. By the end of this year production casting of slabs for all major steel products will be a reality. At this moment, the likelihood of success by each of the plants about to cast slabs can only be guessed except for stainless, particularly the 300 series, where continuous casting practice is already proven and commercial.

What is more certain is that the level of success of the casting systems just described will markedly influence decision making regarding the next round of slab casting installations. The net '67 shipment of tin mill products at 5.95 million tons, 7.1% of total, and 32.57 million tons of sheets and strip, 38.5% of total and 7.95 million tons of plates for 9.5%, give a combined total of 55.1%. Thus, considerably more semi-finished form as slabs.

The combined capacities of slab casters going into production (in 1968 & 1969) is 8.3 million tons for plate, sheet & strip and in plate products, and for practically every analysis of steel rolled. At 18% of total, the steel industry in the U. S. is witnessing the most gigantic and costly steel mill scale experiment imaginable.

At this moment, it does not seem likely that making slabs on rolling mills will become obsolete in the same way as early steelmaking processes have. Yet, such technological revolutions occur frequently in the steel industry: BOFs are replacing open hearths, hand sheet mills were obsoleted in the '30's, open hearths replaced Bessemers a generation earlier, and the hand puddling furnaces of the '80's are gone. It could happen again.

STEEL PLANTS IN U.S. WITH LESS THAN 200,000 NET TONS ANNUAL CAPACITY

Company and location	Hot metal	Approximate raw steel—annual capacity, net tons	Continuous casting	Date installed	Continuous casting capacity	Product, hot rolled and rebars
Allison Steel Mfg. Co., Tempe, Ariz	3–20 ton EF	150,000	No			Reinforcing bars.
Armco Steel Corp., Sand Springs Works, Tulsa, Okla	1–70 ton EF	140,000	Yes, Demag	1965	140,000	Hot rolled and rebars.
Border Steel Rolling Mills, El Paso, Tex	2–25 ton EF	140,000	No			Do.
Calumet Steel Division, Borg-Warner, Chicago Heights, Ill	2–30 ton EF	180,000	Yes, Koppers	1967	180,000	Hot rolled bars, structural and special shapes.
Connors Steel Division, H. K. Porter:						
Birmingham, Ala	3–20 ton EF	200,000	Yes, Koppers	1964	200,000	Structurals and merchant bars.
Huntington, W. Va	2–30 ton EF	150,000	No			
Etiwanda Steel Producers, Etiwanda, Calif	2–10 ton EF	90,000	Yes, United	1967	100,000	Hot rolled bars and rods and rebars.
Florida Steel Corp.:						
Tampa, Fla	1–25 ton EF 2–15 ton EF	200,000	Yes, Concast	1965	200,000	Hot rolled bars and structurals.
Croft, N.C	1–25 ton 1–15 ton	100,000	No			
Georgetown Steel Corp., Georgetown, S.C	2–55 ton EF	200,000	Yes, Concast	1969	75,000	Wire rods and hot rolled.
Harrisburg Steel Co., Harrisburg, Pa	3–50 ton OH	80,000	No			Forging blooms.
Hawaiian Western Steel, Ltd., Ewa, Hawaii	1–15 ton EF	50,000	----do			Hot rolled and rebars.
Intercoastal Steel Corp., Norfolk, Va	1–20 ton EF	50,000	----do			Hot rolled and reinforcing bars.
Judson Steel Corp., Emeryville, Calif	3–50 OH	80,000	----do			Hot rolled and rebars.
Kankakee Electric Steel, Kankakee, Ill	1–15 ton EF	70,000	----do			Do.
Kentucky Electric Steel, Coalton, Ky	2–15 ton EF	140,000	----do			Structurals and merchant bars.
Knoxville Iron Co., Knoxville, Tenn	2–10 ton EF 1–25 ton	100,000	----do			Hot rolled and rebars.
LeTourneau, Inc., Longview, Tex	3–27 ton EF	200,000	----do			Slabs and plate.
Mississippi Steel Corp., Jackson, Miss	2–10 ton EF	80,000	----do			Hot rolled and rebars.
North Star Steel Co., St. Paul, Minn	1–50 ton EF	100,000	Yes, Gamma Eng	1967	100,000	Do.
Northwest Steel Rolling Mills, Inc., Seattle, Wash	1–30 ton EF	100,000	No			Do.
Oregon Steel Mills, Portland, Oreg	3–20 ton EF	200,000	Pressure casting	1970	----------	Hot rolled bars, plate.
Owen Electric Steel Co., Cayce, S.C	(1)	(1)	No			Do.
Pollak Steel Co., Marion, Ohio	1–30 ton EF	100,000	Yes, Olsson-Western Gear	1968	100,000	Do.
Roanoke Electric Steel, Roanoke, Va	1–12 ton EF 2–25 ton	100,000	Yes, Babcock & Wilcox	1962	100,000	Do.
Roblin Steel Corp., North Tonawanda, N.Y	2–25 ton EF	140,000	Yes, Koppers	1964	140,000	Hot rolled and wire rods.
Soule Steel Co., San Francisco, Calif	1–15 ton EF	60,000	Yes, Concast	1965	60,000	Hot rolled and rebars.
Southern Electric Steel, Birmingham, Ala	2–14 ton EF	120,000	No			Do.
Southwest Steel Rolling-Mills, Inc., Los Angeles, Calif	2–18 ton EF 1–15 ton	150,000	----do			Do.
Structural Metals, Inc., Sequin, Tex	2–25 ton EF	50,000	----do			Do.
Tennessee Forging Steel, Harriman, Tenn	1–20 ton EF	70,000	Yes, Tennessee Forging Steel	1967	70,000	Do.
Texas Steel Co., Fort Worth, Tex	1–25 ton EF 1–12, 1–4, 1–3	100,000	No			Hot rolled, rebars and alloy steels.
Washburn Wire Co., Phillipsdale, R.I	2–35 ton EF	120,000	----do			Hot rolled bars and rods and strip and wire.
Total capacity		3,670,000	15 plus 1 pressure casting		1,265,000	Percent conticasting, 36.

[1] Not available.

Company name	Casting machine design				Approximate number of machines installed	License required of user	Engaged in continuous casting since—	Comments
	Conceptual	Engineering	Fabrication	Erection				
American Demag, Inc., New York, N.Y	Yes	Yes	Yes		About 30 worldwide, includes United States.	Probably	1940's	U.S. representative of Demag Stranggiess, Duisberg, Germany.
American Ligurian Co., New York, N.Y	Yes	Yes			19 in Europe	No	1960's	U.S. representative of Continua International, Italy.
Babcock & Wilcox Corp., Tubular Products Division, Beaver Falls, Pa.	Yes				3 in United States	Yes	1940's	
Birdsboro Corp., Birdsboro, Pa		As needed	Yes		Several in United States			Machine builder.
Blaw Knox Co., Pittsburgh, Pa		do	Yes		1, United States			Do.
E. W. Bliss Co., Salem, Ohio	Yes	Yes	Yes	Yes	4 in United States and Canada			Do.
Concast, Inc., New York, N.Y	Yes	Yes	Yes	Yes	Over 100 worldwide including United States.	Yes	1930's	1/8 owned by National Steel.
Danieli of America, Inc., Baltimore, Md		Yes	Yes			No	Mid-1960's	U.S. representative of Italian mill machinery builder.
Dominion Engineering Works, Montreal, Quebec		As needed	Yes		Several in Canada, 1 in United States.			Machine builder.
Dravo Corp., Pittsburgh, Pa		Yes	Yes	Yes	None to date	No	1967	Licensee of Gebr. Boehler Austria for metall lurgical and BSR strand reduction know-how.
Gamma Engineering, Ltd., Whitby, Ontario, Canada.	Yes	Yes	Yes	Probably	1 in United States and 1 in Canada.	No	Mid-1960's	
Interlake Steel Corp., Chicago, Ill	Yes	Yes			Probably several nonferrous, United States.	Probably	1960's	Interlake has developed vibrating mold machine.
Koppers Corp., Pittsburgh, Pa	Yes	Yes	Yes	Yes	20 worldwide	No	1940's	Koppers has 9 straight mold production machines operating in the United States
Mesta Machine Co., Pittsburgh, Pa	Yes	Yes	Yes	Yes	6 in United States and Canada.	No	1950's	Mesta casting machine design licensed abroad.
Pennsylvania Engineering, New Castle, Pa		Possibly	Yes	Yes	None to date	No	1967	Steel mill construction engineering company.
Surface Combustion Division, Toledo, Ohio	Yes	Yes	Yes	Yes	5, of which 4 are experimental, worldwide and United States.	Yes	Mid-1960's	Surface Combustion has rights to the Hazelett belt caster.
United Engineering & Foundry, Pittsburgh, Pa	Yes	Yes	Yes	Possibly	2 in United States	No	1960's	U.S. steel mill machine builder. Has its own casting machine design.
Voest International, New York, N.Y	Possibly	Yes	Yes		1 in Austria	No	1966	U.S. representative of Voest (Austria) and licensee of BSR process of strand reduction.
Western Gear Corp., Direct Casting Division, Pittsburgh, Pa.	Yes	Yes	Yes		20 worldwide and United States.	No	Early 1960's	Western Gear is U.S. representative of Erik Olsson, AG, Switzerland.

Note: The list is in accordance with our best knowledge and is not claimed to be necessarily complete. It should also be noted that 2 steel companies, Tennessee Forging Steel and United States Steel have independently designed and built their continuous casting machines.

Mr. BURKE. The next witness is Mr. Robert L. Phelps.

STATEMENT OF ROBERT L. PHELPS, IN BEHALF OF NORTHWEST INDEPENDENT STEEL MILLS

Mr. PHELPS. My name is Robert L. Phelps. I am connected with the Northwest Steel Rolling Mills in Seattle, Wash. We are a small mill. It is one of the eight independent mills in the Western States. Northwest Steel is a small business with approximately 250 employees and has operated in Seattle since 1926.

I will read these other mills that we represent, that we are speaking in behalf of, and then from that I think I will get away from the text and answer some questions.

Mr. BURKE. If you wish to summarize you may, and then your entire statement will appear in the record following your oral statement.

Mr. PHELPS. Thank you, sir. Those other independent mills are similar to all cold metal mills. One is located in Arizona, five in California, and one in Oregon. They are all listed in this text.

We are a hundred percent scrap mill. This is our prime raw material. Our prime raw material is old auto bodies, of which there are about 50 million tons in inventory in the United States and there are about 10 million tons of old discarded washing machines and stoves, et cetera.

It is our type of mill, sometimes called a scavenger mill, that uses this material. That is all we use. We don't use any of this ore that they are talking about. We are a small electric furnace operation, anywhere from 50 to 250,000 tons a year, and there are over 100 of us in Mississippi, Texas, all over the West, all over the East.

I think that there is an important factor here that these mills do get rid of this eyescore and does work along with this Highway Beautification Act of 1965. I don't know what would happen to all this stuff if we didn't use it because the scrap market is extremely depressed now. It is the lowest it has been in years.

The Japanese are not buying scrap in the tonnages that they were. They are buying ore—as the gentleman who preceded me said—some from Australia, some from the United States. They are going to get some coal out of Canada and I understand they are also exploring some deposits in Red China and in Russia.

So this scrap is our prime product. It is going to build up. There is an increase in the market every year of approximately 5 million tons of auto bodies. What have we done about this?

Our small mills have gotten together occasionally to see what could be done regarding the laws that are in effect. It was very interesting to hear Mr. Curtis' remarks this morning. We have done something about this. One of the things we did was have an attorney from Olympia, Wash., prepare a study on the nine cartels that are in operation that fix prices and quantities of steel that are sold in the United States by Japan; fix prices and quantities of scrap that they buy from the United States for Japan.

I have been told by this man, Mr. Collier, that any foreign country doing business in the United States must abide by the laws of the United States. These people aren't doing this. I have turned this study over to Senator Hart of the Antitrust Subcommittee and they are, I understand, going to have hearings on this.

I am most anxious that they be held. Another thing that we have done is we participated in this dumping case against Canada in 1964, Oregon rolling mills of Portland, Oreg., and our company, and I testified back here twice, once in February and once again in March. This was a very lengthy, expensive operation to small people like ourselves.

We are the only case that was ever won by the steel industry since that law was enacted in 1921.

Now, the interesting thing about this is it seems that 2 years after the ruling was set down that they were dumping and we were being injured, and arbitrarily it provides that in the law that this be thrown out, that they have a dump for 2 years, so now we can forget that ruling that we spent so much money to prove.

Now, what is going to stop them from dumping again. The reason they were dumping is their overproduction. They couldn't consume their production in western Canada so they dumped it into Washington and Oregon. This same situation, by the way, is going on in Japan right now. In Japan it is extremely difficult to prove because they move through cartels, so how are we going to know what the steel mill is charging for steel in Japan. There is no way.

The only way we can look at this is this remark that Mr. Abel made this morning, which frankly we observed also, that the Japanese metal trade bulletin of January 11 said:

> If you don't export ten percent more in 1968 than you did in 1967 we are going to fine you $28 a ton and cut off your coking coal.

Naturally if they can sell it for $25 a ton less they are going to save $3 a ton and maintain the capacity and save their coking coal, so that is exactly what they are doing.

The steel that came into Seattle ports in January of 1968 against January of 1967 is double, gentlemen, double. By the way, we now have a case that the Tariff Commission will be on very soon—dumping—against Australia. We have a better case against them by the way than we had against Canada.

Another question was asked this morning about has anybody ever gone to the administration. Yes; I did. I wrote them a letter in November of 1967. I received a very courteous answer from the Office of Special Representative for Trade Negotiations and as yet that is all I have received.

Now, the last point I would like to bring out is I met with some of you Congressmen on March 12 of this year, the ad hoc committee of the Congress on this problem chaired by Congressmen Tunney and Pettis, and there were six, I believe, or seven of us men of industry from the West and we gave a little story about what our problem was and then we had questions from these Congressmen.

One of these Congressmen asked me how we could feel that the State Department or the administration could change their position now after these many years of the Marshall plan, et cetera.

My remark to him was this: That in my opinion the problem is now, but prior to World War II Japan's ingot capacity was less than 9 million tons. I have heard 7 million and 9 million so let's give them the benefit of the doubt and say 9 million tons; this when they are preparing for war with our country.

Naturally when the war came the first thing we have to do is destroy their instruments of war so we bombed all their plants naturally as

we did in Germany. At the end of the war their capacity was a half million tons. Our Marshall plan was wise, I think, to develop these people economically and industrially because, after all, this was a communist problem if we didn't do it, but the odd thing about this is that 10 years after the war was over their capacity was 10 million tons or more than it was prior to the war, and as you heard, last year it was 68 million tons.

Their goal by 1975 is 110 million tons and the world today is overproduced about 50 million tons. Japan's steel industry is about 69 percent financed. Ours is about 34 percent in the United States, so if we don't do something now, gentlemen if this legislation or some legislation is going to do something about it—and if we wait too long it is my personal opinion—this is not the other 7 mills; it is me talking now—that it will be a crisis, it will be chaos.

I can't see how we can delay this any longer.

Thank you, gentlemen. If there are any questions you might have I will try and answer them.

(Mr. Phelps' prepared statement follows:)

STATEMENT OF ROBERT L. PHELPS IN BEHALF OF NORTHWEST INDEPENDENT STEEL MILLS

Northwest Steel is a small business with about 250 employees and has operated in Seattle, Washington, since 1926. It produces reinforcing bar and other products from scrap steel. Scrap is first melted, cast into ingots, then bloomed and rolled into the final product. Northwest Steel is known in the industry as an independent producing mill. My statement is made on behalf of all eight of the independent mills on the west coast, They are:

Allison Steel Manufacturing Company, Tempe, Arizona
Etiwanda Steel Producers, Inc., Etiwanda, California
Judson Steel Corporation, Emeryville, California
Northwest Steel Rolling Mills, Inc., Seattle, Washington
Oregon Steel Mills, Portland, Oregon
Pacific States Steel Corporation, Union City, California
Soule Steel Company, Los Angeles, California
Southwest Steel Rolling Mills, Los Angeles, California

We support the "Iron and Steel Orderly Trade Act of 1967" introduced October 16, 1967 by Senator Hartke and co-sponsored by 32 other senators if amended as has been proposed to provide for quotas on a regional basis. Regional quota legislation is essential to:

(a) Our nation's security, economy and other interests;
(b) The health of our domestic steel industry in general; and
(c) The health and perhaps survival of independent producing mills in particular.

The proposed act and amendment would establish regional quotas, determined by the historical pattern of imports during the base years 1964 through 1966, for four regions. These regions are:

(1) Pacific Coast and Mountain or Western States
(2) South Central or Gulf states
(3) Atlantic Coast states
(4) North Central or Midwest states

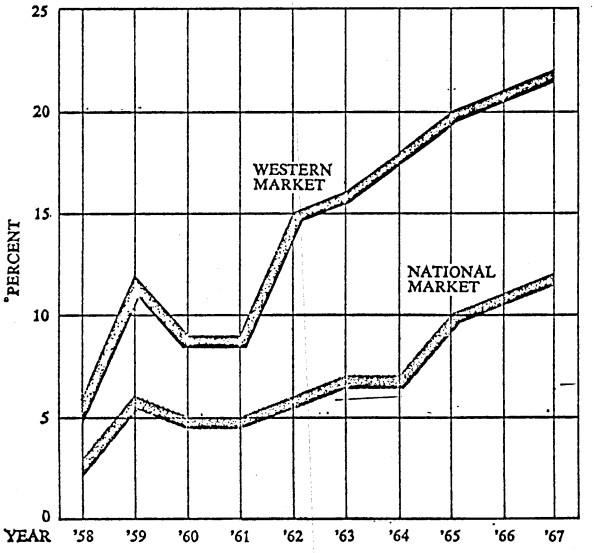
Adoption of the proposed regional quota legislation at this time is essential for many reasons, including:

STEEL IMPORTS ARE INCREASING AT AN ALARMING RATE, THE HEALTH OF OUR DOMESTIC STEEL INDUSTRY, ESPECIALLY ITS WEST COAST MILLS, IS BEING THREATENED BY THE IMPORTATION OF FOREIGN STEEL

Imported steel, as a percentage of the total steel consumed in the United States has increased every year since 1961. In the national market the increase was from five percent in 1961 to 12 percent in 1967. In the western market the increase was from nine percent in 1961 to 22 percent in 1967, or almost twice the national increase. The following graph illustrates this alarming rate:

Steel Imports

Percent of Total National and Western Markets



Source: Commercial Research Department, Kaiser Steel. 1967 figures are preliminary. Western market includes seven Western state area.

The western states disproportionate share of imports in 1967 (22 percent versus 12 percent nationally) is even more pronounced with respect to specific products. Percentages by products are shown in the following table (Source: "Western Steel Market 1967," recently published by Kaiser Steel Corporation).

PACIFIC COAST IMPORTS

Product group	1966		1967	
	Total	Percent of market	Total	Percent of market
Plates	199	18	191	20
Structurals	121	16	170	23
Hot rolled bars	89	13	105	16
Reinforcing bars	63	6	61	7
Hot rolled sheet and strip	281	33	282	28
Cold rolled sheet and strip	226	40	212	42
Galvanized sheet	143	28	134	28
Tin mill products	62	5	80	6
Standard and line pipe	319	36	274	39
All other steel mill products [1]	387	28	314	26
Total	1,890	21	1,823	22

[1] Includes in 1967 241,000 tons and in 1966 313,000 tons of wire and wire products.

The rate of increase is continuing into 1968. During the first two months of this year imported steel consumed in the western states increased 45 percent over the same two month period in 1967, representing approximately 25 percent of the total consumption in these states.

In the last ten years over 96 percent of the market increase has been pre-empted by foreign imported products. A continuation of the present situation can only lead to the stagnation of domestic steel production and the loss of many independent mills. These mills will be forced to go out of business or at best

operate at a substantially curtailed level of production. The injury to these mills, their employees and the economy of the area they serve is obvious.

STEEL IS BEING OVERPRODUCED THROUGHOUT THE WORLD, EXCEPT IN THE UNITED STATES

We believe there is no question that steel is being overproduced in all nations except the United States and perhaps the communist countries.

The Committee on Finance of the United States Senate, in its 1967 report on steel imports, found that:

> "(3) World steel capacity on January 1, 1966, has been estimated as 590 to 600 million tons (MT) compared to world output in 1966 of 520 MT, leaving a surplus capacity of 70–80 MT. An official estimate of the ECSC published in June 1967 projects annual increases of 33 MT in world capacity to 1970. This study estimates increases in world demand of only 20–25 MT, indicating a progressive aggravation of the world steel surplus problem.
>
> "(4) Because the U.S. steel industry promptly adjusts output to orders and in the Communist countries output and capacity are about equal, the rest of the free world has a surplus capacity of some 45–55 MT."

NOTICE MUST BE GIVEN TO JAPAN AND THE OTHER NATIONS NOW THAT THEY CANNOT OVEREXPAND AND EXPORT THEIR EXCESS PRODUCTION TO THE UNITED STATES. DELAY IN ADOPTING REGIONAL QUOTA LEGISLATION WILL INJURE OUR WESTERN MILLS AND COULD BE FINANCIALLY DISASTROUS TO THESE NATIONS AND THE UNITED STATES

Japan presently exports about 75% of its steel production. 50% in the form of sheets, plates, pipe, structurals, reinforcing bar, etc. Another 25% is exported in the form of products using steel such as cars and ships. Japan's steel industry has major expansion plans. We estimate that by 1975 Japan will have excess capacity of 40 million tons over its domestic needs which it will try to place on the export market. Total U.S. imports in 1967 was approximately 11.5 million tons.

The principal market for Japan's excess capacity will be the United States. Many of Japan's present markets are smaller nations which are establishing steel production facilities of their own. Virtually all of these nations place import restrictions on the steel products they produce domestically. This will soon reduce or eliminate their requirements for import steel. As Japan loses these numerous smaller markets it will of necessity increase efforts to export steel into the United States. Unless effective regional quota legislation is adopted, the mills located in the western United States will be the ones most injured by these increased exports.

Effective regional quota legislation is necessary *now!* Such quotas would enable the Japanese and other foreign producers to continue to participate in this market and in its growth. The foreign producers would know how to plan their own *orderly* future expansion. Failure to adopt such legislation will permit these foreign producers to continue to believe that they can over expand their production and export their excess production into the United States market, at dump prices if necessary. If not enacted now, such legislation will surely be enacted in a few years when the import situation becomes even more critical. If this occurs after the foreign producers have over expanded, the results could be financial disaster. This is especially true in countries such as Germany, France, Italy and Japan where the steel industry's ratio of debt to assets was 60, 65, 73 and 69 percent, respectively, in 1965. In the United States the same debt to asset ratio was 34 percent in 1965.

There is considerable pressure upon the Japanese steel producers to increase exports. In the Japan Metal Trade Bulletin of January 11, 1968, it was stated that the Japanese Steel Industry was being advised by the M.I.T.I. that failure to export ten percent more tonnage in 1968 than in 1967 would result in a penalty of $28.00 a ton and curtailment of their coke and coal supply.

OUR NATIONAL DEFENSE IS THREATENED BY INCREASING IMPORTS

The security of this country is threatened by the increasing importation of steel. We believe that the defense of the United States will be seriously impaired if imports are allowed to take a larger and larger share of the market as they have in recent years. In time of war or other national emergency we must rely upon our domestic industries for the goods necessary to defend our country. It

goes without saying, that an industry which has been weakened and stagnated by excessive imports, may not be able to meet our defense needs.

There is evidence that our national defense effort has already been seriously impaired by the present rapidly expanding importation of steel. I was recently advised that the military was unable to purchase barbed wire for use in Viet Nam in the quantities required and within the time desired. The cause of the *shortage* and *delay* was that the principal producers of barbed wire in this country had shut down their plants and/or reduced production of barbed wire because they could not compete with barbed wire imported from Japan.

DOMESTIC EMPLOYMENT IS ADVERSELY AFFECTED BY INCREASING IMPORTS

The adverse effect upon employment by the rapidly expanding and excessive importation of steel into the United States will undoubtedly be pointed out by representatives of labor. At Northwest Steel employment would be increased by approximately 40 percent if previously made plans to enlarge and modernize its fabrication shop and operate the blooming and finishing mills at more than one shift could be put into effect. The principal reason for not doing so is the excessive amount of steel imported into our marketing area.

OUR BALANCE OF PAYMENTS IS ADVERSELY AFFECTED BY INCREASING IMPORTS

The adverse effect of excessive importation of steel upon our country's balance of payments is obvious and does not require further discussion.

IT IS OUR NATIONAL POLICY TO PROMOTE THE EXISTENCE OF MANY COMPETITIVE UNITS IN AN INDUSTRY

Our national policy, as evidenced by the anti-trust and other laws, is to promote the existence of many competitive units in a given industry. Allowing a continuation of the present import situation can lead only to stagnation of domestic steel production and a reduction in the number of independent mills, especially in the coastal areas, contrary to our national policy.

SCRAP STEEL CONSUMPTION IS ADVERSELY AFFECTED BY INCREASED IMPORTS

Mills such as Northwest Steel are called scavenger mills in that scrap is our sole raw material source. Japan, once a large user of scrap, now produces steel primarily from ore. This change by Japan and the lower production levels of domestic independent mills because of increasing imports has depressed the scrap market. There is just too much scrap in this country. The National Highway Beautification Program would be assisted greatly by the adoption of regional quota legislation. Domestic production would increase and utilize many of those old car bodies that are an eyesore in junk yards along our nation's highways.

IMPORTED STEEL HAS TOO MANY COMPETITIVE ADVANTAGES

Foreign steel producers have enjoyed many competitive advantages in addition to the lower labor and other costs of production. These advantages include:

(a) Freedom from local personal property taxation until actually used. In the State of Washington, an unbroken bundle of steel from Northwest Steel in a distributor's warehouse is taxed by the state. A similar unbroken bundle of imported steel in the same distributor's warehouse at the same time is not so taxed.

(b) The ability to dump their product in the United States. The dumping of foreign steel into this country will not be stopped unless it can be established that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of such dumping. The proof of such injury is difficult when the dumping is by different countries at different times or as in the case of Japan, the fact of dumping is difficult if not impossible to prove because of price collusion between the Japanese steel cartels.

Dumping by foreign producers is a real problem to the independent mill. We have been and are being subjected to competition from foreign producers dumping in our market area. In 1964 the Tariff Commission for the first time in the history of the act found both dumping and injury in a case involving steel. The dumping was by a Canadian mill into Washington and Oregon. There is presently before the Commission of Customs a claim of dumping by Australian producers into the northwest. The cost to the independent mills of prosecuting these cases is most burdensome.

As previously indicated, the Japanese steel industry has been advised by the M.I.T.I. that failure to export ten percent more tonnage in 1968 than in 1967 would result in a penalty of $28.00 a ton and curtailment of their coke and coal

supply. There is thus considerable pressure upon the Japanese producers to increase exports, at dump prices if necessary.

THE LEGISLATION PROPOSED BY THE ADMINISTRATION IS INADEQUATE, IT WILL NOT SOLVE THE PROBLEMS OR ELIMINATE THE INJURY CAUSED BY INCREASING IMPORTS

The legislation proposed by the Administration is inadequate. Changing the language of the present act from "have caused" to "have been a substantial cause" will not save our domestic steel industry from the adverse consequences of imported steel. First it is doubtful that this change will have any significant effect on the ability of affected companies or employees to be compensated for injuries caused by increased imports. It will not compensate a region for the loss of a business serving that region. The national defense of this country will be seriously impaired by any significant reduction in the number of operating steel mills whether or not such mills and their employees are compensated by reason of the injury to them resulting from increased imports. The administrative cost of the program proposed by the Administration will be far greater than would be the administrative cost of regulating imports on a regional quota basis.

THE NEED IS FOR REGIONAL RATHER THAN NATIONAL QUOTA LEGISLATION

We believe that the case has been clearly made for regional quota legislation. A national quota system will not adequately assist the independent mills, especially those located in the coastal regions. The large national mills marketing throughout the United States and particularly in the mid-west area, where competition from import steel is the least, may feel that national quota legislation is adequate. The reason for this is shown in the following table:

Market area	1967	
	Percentage of total U.S. consumption	Imported steel as a percentage of total consumption in market area
Western region (Pacific Coast and Mountain States)	8	22
South Central or Gulf States	14	18
Atlantic Coast States	25	15
North Central or Midwest States	53	5

The Mid-West states are the most difficult for imports to penetrate because to a large degree the states involved are inland and inaccessible to cheap water transportation. Because this is the region of major consumption it is also the region where many of the large major mills are located. When these major mills look at the various regions of the country their major concern is with this Mid-West region because it represents 53 percent of the national steel consumption. Naturally these major mills are not as concerned with the West Coast region as it only represents eight percent of their national market. I would like to point out that as far as we are concerned the western market represents 100 percent of our market and as a result it is a life and death matter to us. We cannot lose an ever increasing percentage of this market and survive.

Because of this situation you can see why the Independent mills located in coastal regions feel so strongly about regional as distinguished from natural quotas. To us as Independent mills on the west coast a national quota will not allow our western steel industry to operate at profitable levels. It should be pointed out that if a national quota is used the west coast will continue to receive well over 25 percent or more of its steel consumption from imports while the mid-west region which is the largest consuming area will only receive approximately five percent of their consumption in the form of imports. We feel that this disparity is too great and would bring about a geographically, unbalanced steel industry in the United States, to the injury and deteriment of the nation. There is precedent for establishing quotas on a regional rather than a national basis. Oil and meat imports are now subject to quotas established on a regional basis.

In conclusion, and as previously stated, we recommend and urge the adoption of regional quota legislation. It is essential that it be adopted *now* instead of later.

Thank you for your attention. If there are any questions I will answer them if I can.

Mr. BURKE. Mr. Schneebeli.

Mr. SCHNEEBELI. Mr. Phelps, you indicated the percentage of scrap going into Japanese steel is less today than it was 5 years ago.

Mr. PHELPS. Yes, sir.

Mr. SCHNEEBELI. That means then that scrap is not a good ingredient for them to make their product at a good price.

Mr. PHELPS. It is more expensive, sir.

Mr. SCHNEEBELI. Then how do you compete with big steel in this country if all you use is high cost scrap?

Mr. PHELPS. All of the steel mills on the Pacific coast with the exception of Kaiser are cold metal mills, scrap mills. There is no coking coal on the Pacific coast. There are now ideas which are being developed right here in this country on cinderizing and pelletizing it and eliminate the necessity of the blast furnace.

Mr. SCHNEEBELI. You are increasingly becoming at a disadvantage to big steel through your limitation to scrap use.

Mr. PHELPS. Not in our area.

Mr. SCHNEEBELI. Even with the new oxygen plants? Is this because of transportation?

Mr. PHELPS. Cost, yes. Geography is one of your biggest barriers, or should be rather, in your cost of producing steel. I have learned that the freight rates, the shipping rates, from Japan to the United States are considerably different than from the United States to Japan, so this is another tool of course one can use in the control of his selling price of steel and his cost.

Mr. SCHNEEBELI. What percentage of the Japanese steel production is achieved through the use of scrap?

Mr. PHELPS. Gee, I couldn't tell you now, sir. I don't know. I know now that this new development in Australia is a big factor with them in their ore. Ore is a cheaper basic material to use than scrap. After all, when you process scrap you have to prepare it. You just can't take an auto body and dump it in the furnace.

What they used to do was squeeze them all up into a bale and in this were a lot of contaminants, wood and dirt, and grass and oil, and what have you, and you dumped that into the furnace and smoke would come out of the roof. We have all put in smog control devices but even so there is a limit to what they can handle.

The new method of handling scrap bodies is what they call a shredder or a hammer. This is a very large machine that you feed the old car into and it shreds it into small pieces about the size of your hand.

Now, the ferrous metals go this way through a magnetic control and the nonferrous metals and the dirt and what have you go that way. By the way, the interesting factor in this is that there is about 20 to 25 percent less scrap steel that they now sell than they used to.

This is a new system going in all over the country, again a wonderful method of cleaning up these eyesores in the country side. These people can't sell me any scrap if I am not making any money and I am laying off a crew in the mill in July.

We have inventories running out of our ears. So here is a strike approaching the scene and we are loaded with inventory.

Mr. SCHNEEBELI. I find it very interesting to see little steel lined up with big steel because you are usually competitive.

Mr. PHELPS. Thank you, sir.

Mr. BURKE. The Chair will be compelled to call a short recess because there is an automatic rollcall on the House floor. Mr. Nelson Stitt will be the first witness when the committee resumes its hearings.

Mr. PHELPS. Thank you.

(A brief recess was taken.)

Mr. BURKE. Will you identify yourself, Mr. Stitt, for the committee, please.

STATEMENT OF NELSON A. STITT, DIRECTOR, UNITED STATES-JAPAN TRADE COUNCIL

Mr. STITT. Yes, Mr. Chairman. I am Nelson Stitt, director of the United States-Japan Trade Council. The United States-Japan Trade Council is a trade association with a membership of over 700 firms located in the United States, which conduct among them most of the trade between the United States and Japan.

Our members, like all those buying and selling abroad, are enormously concerned about bills to restrict trade which are pending before this committee. We believe that these bills not only threaten U.S. relations with other nations but also pose a serious danger to the health of the U.S. economy.

Obviously, Mr. Chairman, our written statement is far too long to be given in the time allotted me. Therefore, I respectfully request that it be incorporated in the record in its entirety.

Mr. BURKE. Without objection, it will be included in its entirety.

Mr. STITT. Since today is steel day, I shall first like briefly to summarize our whole position on the issues before this committee and then move on to steel.

For instance, we believe there would be a great number of unfortunate consequences of trade restrictions for the U.S. economy. They would negate the benefit of imports in helping to maintain moderate price levels in the United States. Restrictions would lead to a serious decline in U.S. exports.

Proposed quota bills would affect 900 million dollars' worth of American imports from Japan in 1967. Japan and all other nations have the right under GATT to retaliate against the U.S. restrictions upon imports.

We believe there would be unfortunate consequences of losing the momentum of leadership in international trade. It is particularly important for the United States not to backslide into protectionism because of the worldwide production of multinational corporations chiefly owned by Americans.

Restrictive trade proposals would mean the end of a whole era of U.S. leadership in international economic cooperation, and would cause the free world to collapse into autarchic states or trading blocs.

The political consequences of a U.S. retreat into protectionism would be most serious for Japanese-United States relations.

On the general problem of import quotas, our council is opposed to all import quota proposals which in both the short and long run would be self-defeating.

Moving along to the balance-of-payments considerations, about which you have heard, an import surcharge would result in higher U.S. prices, impairing the U.S. ability to export.

A levy high enough to cause a significant decline in imports and comfort U.S. protectionist interests would be unacceptable to America's trading partners, who would take retaliatory measures.

If U.S. costs and prices were rising so rapidly that exports were seriously impaired and imports greatly encouraged, which is not now the case in our view, it would be better diplomatically to seek revaluation of strong foreign currencies rather than an increase in tariffs or the imposition of a general import surcharge.

With respect to the Trade Expansion Act of 1968, we recommend that the President's negotiating authority be extended, that adjustment assistance should be made easier to obtain without easing the criteria for adjustment of tariffs and, finally, that the American selling price and the final list, which is not incorporated in the bill at present, should be abolished.

Furthermore, we believe that multilateral trade principles should be maintained.

Moving along, Mr. Chairman, to the steel quota bills: During the past several years, the largest dollar earner for Japan in exporting to the United States has been steel mill products. Naturally, our council is, therefore, much concerned about the Iron and Steel Orderly Trade Act and the Iron Ore, Iron, and Steel Orderly Trade Act.

As all here are aware, imports of steel mill products into the United States were inconsequential until the lengthy steel strike of 1959.

Therefore, we are confining our review of the U.S. steel market situation to the intervening years, 1960 to date. If the U.S. steel industry is having difficulties, this is the only time in which growing imports could have been a contributing factor.

Obviously, the U.S. steel industry has not seen such a rate of growth in recent years comparable to that of newer and more dynamic industries—electronics, computer, jet aircraft, et cetera.

However, I direct your attention to table 1 attached to my written statement which shows the following: From 1960 to 1967, according to the Federal Trade Commission and the Securities and Exchange Commission, annual steel industry sales have increased by $5.6 billion; annual net profits have increased by $220 million; liquid position, which is current assets minus current liabilities, has improved by $1.2 billion; earned surplus and surplus reserves have increased by $2.1 billion; current assets have increased by $2.4 billion; investment in property, plant, and equipment, after depreciation, has increased by $3.2 billion; total assets have increased by $6 billion; and net worth or stockholders' equity, which is total assets minus total liabilities, has increased by $2.3 billion.

Despite the modest and we believe short-lived downturn in the overall trend in 1967, these figures do not seem to portray an industry materially damaged by foreign competition.

For most modern economists an even more accurate measurement of the health of an industry is its annual net cash flow, that is, the sum of its retained profits, after payment of dividends, plus additions to reserves attributed to depreciation and depletion.

Table 3 attached to my written statement shows the cash flow of the U.S. steel industry from 1960 through 1967. While the industry has recently been investing heavily in newer and more productive plant and processes, it is clearly evident that it has been able to do so with little need to resort to moneymarkets or new issues of equity shares.

Again, this is hardly a demonstration of an industry mortally beset by admittedly sharp import competition.

It has been maintained by a kind of modified straight line projection that steel imports into the United States within 10 years would reach "a staggering 40 million tons."

We acknowledge that neither the U.S. industry nor the U.S. Government could view such a prospect with equanimity.

On the other hand, let me draw your attention to table 9 attached to my written statement. This table is extracted from a recent book published by he University of Michigan and presents an entirely different view of the future U.S. steel market. The book's section on steel was written by the marketing research director of McLouth Steel Corp., who should not be considered inexpert on the subject.

This article projects not only a steadily growing demand for steel in the United States, but by 1980 a virtual balance between U.S. steel product imports and exports. It seems obvious that the continuing massive modernization of American plant and equipment will bear fruit in future years and this is the assumption of the author of that article.

Whoever is right in crystal-balling, we submit that the present situation is far from justifying a reversal of the long-standing liberal foreign trade policy of the United States in the interest of the steel industry.

It has been contended that steel imports represent 70,000 to 80,000 jobs—in fact this morning I think Senator Hartke got that up to about 120,000 jobs—that would otherwise be held in the United States. In the first place, even the most extreme proposals by the domestic industry would not suggest eliminating all imported steel.

Second, and most importantly, they totally ignore the three and one-half million American jobs created by United States exports—jobs that would not exist if American trading partners abroad had not the dollars to purchase the farm and industrial products of this country.

Third, while there may exist in some communities in some parts of the country some distress with respect to steel layoffs it should be emphasized that materials published by the American Iron and Steel Institute always speak in terms of job opportunities, not actual jobs.

In fact, metal trade publications have for the past 6 months been pointing out the shortage of steel workers in the growing Chicago area and describing the efforts of the steel companies there and elsewhere to induce the migration of skilled or unskilled workers into the steel mills.

We strongly doubt that any reputable steel economist would endorse the figures on import-generated job losses that have received such wide publicity.

Much has been made of lower wages abroad, a fact which is indubitably and inevitably true. Foreign steel workers, operating in economies and societies much less wealthy than the United States, could not possibly be paid the equivalent of about $4.75 an hour. How-

ever, I believe that for most steel producing countries—and I know that for Japan—steel employees are among the highest paid group of workers in their own countries.

Allegations of "cheap labor" are unfounded.

Furthermore, while U.S. steel wages have increased at a steady pace, steel labor productivity has increased even more. I draw your attention to tables 4 through 7, indicating that from 1960 to 1967 industry sales and shipments have risen more rapidly than have employment costs, whether measured by total employees or by production workers.

We maintain that such employment as may exist in the steel industry is far more the result of technological advances and more intensive capital investment than it is of rising steel product imports.

In my next section, sir, I discuss a matter which has already been discussed today, the apparent lack of interest of the U.S. steel industry in research and development. I will skip that portion.

Vague and generalized statements have been made that, compared with the U. S. steel industry, foreign steel industries have been greatly advantaged by their respective governments in terms of financing, export promotion, and import protection of their home markets. These widely disseminated assertions, upon examination, are best characterized by their total lack of specific detail. With regard to the European or other steel industries, we must leave answer to others more knowledgable.

We believe that the allegations are lacking in substance insofar as the Japanese steel industry is concerned.

It has been stated that the Japanese industry "is heavily favored in terms of capital supply." Statistics on this matter, for the years 1960 through 1966, have been submitted to Professor Weidenhammer in connection with his steel study for the Steel Finance Committee. An examination of these figures does not bear out the allegations.

First, governmental loans to the steel industry are at the same rate of interest as those from private banks; this rate (8.2 percent per annum) can hardly be considered favorable, especially when compared with the rate at which the U.S. steel companies even today are able to borrow money.

Second, at no time over this 7-year period have governmental loans exceeded 1 percent of new capital for the industry.

Third, the major sources of investment funds for the industry have been retained profits and depreciation, the flotation of bonds, an increase of capitalization by the increase in share, and loans from private-commercial banks.

Over the period 1960 to 1967, the new financing provided by foreign loans, such as the World Bank, the U.S. Export-Import Bank, and so on, has rapidly decreased and by 1966 the payment on these foreign loans is well in excess of new capital so acquired.

By and large, over the period the major source of new investment has been retained profits and depreciation. This is similar to the practice of most U.S. steel companies.

Thus, the Japanese Government has played a small role in the capital supply of that nation's steel industry.

Since Japan became a full-fledged article 8 member in April of 1964 of the International Monetary Fund, no special income tax advantage has accrued to export industries, steel or otherwise. Japan, like the

United States, has an Export-Import Bank to help promote Japanese exports of all kinds.

In the national interest the Japanese Ministry of International Trade and Commerce has exhorted its industries to extend their best efforts to expand exports, just as has the U.S. Department of Commerce exhorted American industries. Export goals have been set which industries try to meet. This can hardly be considered much different from the U.S. Government's efforts to promote exports and to discourage investment abroad—on the basis of voluntary industry action.

It has been stated that the Japanese steel market is insulated from steel imports. We would like to point out that during the recent Kennedy round the Japanese duties on steel imports were reduced by an average of 50 percent, and table X attached to my statement demonstrates this fact.

The problem for prospective U.S. exporters of steel to Japan is not nontariff barriers; it is rather that the prices of U.S. steel products are so high that they could not be sold in the Japanese market, whether or not nontariff barriers existed.

A vice president of the Bethlehem Steel Corp. testifying before the Federal Maritime Commission in hearings involving freight rate differentials between the United States and Japan said this:

> Even if there were no freight rate ocean charge for the export of U.S. steel to Japan, Bethlehem could sell little or no steel in the Japanese market because it could not meet the Japanese home market prices.

In any event, it is our understanding, that contrary to the usual assertions, the Japanese Government does not exercise a restrictive import licensing system—in fact that was conceded this morning—with a few minor exceptions, I may say, in certain small varieties of specialty steels.

We wish to draw your attention to table 8 attached. It should be noted that during 1967 steel from Japan represented in volume only 92 percent of Japanese steel imports during 1966—in other words, in 1967 less Japanese steel entered the United States than in 1966—while at the same time total steel imports from all sources in 1967 reached 107 percent of 1966 imports.

To seek quotas on steel imports is to seek an extraordinary degree of protection. That is obvious. It is equally obvious that a country dedicated to private enterprise cannot lightly or easily impose quotas on products competitive with those of its own industries.

Extraordinary reasons must support extraordinary restraints. These extraordinary reasons have not been demonstrated for the U.S. industry, and I submit cannot be demonstrated. It may be that the American steel industry has not experienced the growth which other industries have experienced or that the steel industry stocks are less attractive to speculators than the stocks of other industries or that steel company profits have not achieved so high levels as those of the more glamorous newer industries.

These facts in themselves, even if true, do not furnish reasons sufficient for quotas, particularly when the industry has shown a steady pattern of growth which, whatever its impressiveness in relative terms, is undeniably impressive in absolute terms.

Finally, Mr. Chairman, we reassert that a growing world trade in all commodities is over the short, medium, and long term in the best interests of the United States and its citizens as a whole.

I thank you, sir.

(Mr. Stitt's prepared statement follows:)

STATEMENT OF NELSON A. STITT, DIRECTOR, UNITED STATES-JAPAN TRADE COUNCIL

INTRODUCTION

The United States-Japan Trade Council is a trade association with a membership of over 700 firms located in the United States, which conduct among them most of the trade between the United States and Japan.

Our members, like all those buying and selling abroad, are enormously concerned about bills to restrict trade which are pending before this committee. We believe that these bills not only threaten U.S. relations with other nations but also pose a serious danger to the health of the United States economy.

It is fitting that this committee is holding these hearings, because this is a critical moment not only for U.S. trade, but also for general U.S. economic policy. It is a moment of fear and hope. On the one hand, fear over domestic inflationary pressures and the persistent balance of payments deficit. On the other hand, hope that the successful conclusion of the Kennedy Round and further hard-nosed bargaining on nontariff barriers will reap benefits for present and future producers and consumers whether these be farmers, industrial works, business managers, or government servants.

You gentlemen have met and in a statesmanlike way are dealing with the fear of inflation in the U.S. economy. When the fiscal package becomes law it is reasonable to assume that inflationary danger will turn into the hope and promise of a stable price economy. Such a fiscal policy used to be called the liberal Keynesian approach to dealing with a national economy. Now these accepted policy actions are considered conservative. We all expect that such conservative fiscal action will not only bring the domestic economy into control but will have a salutary effect on the balance of payments.

There is also a conservative position concerning trade between nations. The 1934 Reciprocal Trade Agreement Act was considered, in its time, to be a liberal trading arrangement, based on reciprocity through the "most-favored-nation" principle. This policy has continued now for almost 34 years and should now be called a conservative policy.

Examined together, proposals to restrict imports into the United States represent nothing less than abandonment of the trade policy followed by the United States for the last 34 years, and most recently approved by the Congress when it enacted the Trade Expansion Act of 1962.

Certainly no one should call these proposals to restrict imports "conservative." They are better termed "radical" reactions of those industries unwilling or unable to adjust to the changing demands of an open and dynamic economy. Change is the essence of an open economy. Changes in the structure and the value of imports and exports are brought about both here and abroad by changes in technology, marketing, managerial skills, and labor productivity.

The key to the last 34 years of U.S. trade policy is the conservative economic philosophy of competition more highly developed in the United States than anywhere else in the world. Competition is an essential means of regulating the economy. For example, if you have inflationary pressures, as we now do in the United States, imports will rise. But this rise in imports also sets in motion measures tending to reduce imports and disinflate the economy. A good example of this is the effect of steel imports on the United States economy. On the one hand, the domestic steel industry has been urging that quotas be established to protect their oligopolistic price leadership practices. On the other hand, import competition has encouraged some companies to cut prices. This is the conservative and classical way of regaining markets or expanding markets, benefiting all. And not incidentally, price competition has a disinflationary effect on the overall economy.

But if you abandon competition in the face of inflation, the inflationary pressures worsen. This first step in closing the economy will inexorably lead to further steps. The bureaucracy needed to maintain closed borders against for-

eign goods would be small compared to the bureaucracy that would be needed to regulate wages, prices, and profits to prevent the rapid inflation that is sure to arise from the elimination of competition.

We earnestly submit that the quantitative controls over a wide range of American imports that are proposed would spell the end of a whole era of expanding trade and would introduce a new period of inward-looking, self-impoverishing policies.

UNFORTUNATE CONSEQUENCES OF TRADE RESTRICTIONS FOR THE U.S. ECONOMY

A program of trade restrictions would be unfortunate for the U.S. economy for two main reasons. First, it would negate the incalculable benefits of imports in helping to maintain moderate price levels in the United States. This effect is much greater than is indicated by the amount of imports actually received, because the very possibility of imports exercises a restraining influence upon prices.

Inflation brings a wide variety of economic evils, the most obvious of which is that ordinary people have to pay more for the products that they buy. The important service rendered by imports—largely ignored in most discussions of trade policy—is to make a wider variety of products available at lower prices.

Secondly, the enactment of the pending trade restrictive bills would be unfortunate for the American economy because it would inevitably lead to a serious decline in American exports. At this point, I should like to offer as part of my testimony two statistical publications of the U.S.-Japan Trade Council: (1) *United States Imports from Japan, 1967;* and (2) *United States Exports from Japan, 1967*, both by customs districts. Note first that iron and steel imports from Japan, totalled $533 million in 1967. Note second that textile articles were imported to the value of $215 million, and clothing to the extent of $164 million, a total of $379 million. Thus, the bills on textiles and steel alone would control about $900 million of American imports from Japan in 1967—to say nothing of the array of other products entering into the grand total of almost $3 billion imported from Japan last year that could be affected by the more general quota bills under consideration.

Since 1960 U.S. trade with Japan, both ways, has totalled $28 billion, with imports and exports almost evenly balanced. Japanese exports to the U.S. in 1967 were up less than two percent while our exports to Japan were up 15 percent over the same period.

When we look at 1967 exports to Japan we see that of the $2.7 billion shipped by the U.S. about $650 million consisted of food and feeds, and this of course was mostly grains: wheat, corn, soybeams. We see cotton valued at $118 million, oil seeds (soybeans) valued at $188 million, including tobacco, hides, and skins, a total of about $900 million in agricultural products. In another big category we see machinery and transport equipment, $502 million, including aircraft valued at $71; $79 million in office machines; and $53 million in power generating machinery.

These figures are simply a brief illustration, which could be expanded at length, of the fact that American ships to Japan the products of its most efficient industries, its farm products, its computers, its aircraft, and many other products and receives from Japan those products in which the United States is not necessarily inefficient or even less efficient than Japan, but for which the comparative advantage tends to favor that country.

If American markets are restricted for Japanese steel, Japanese textiles, and Japanese miscellaneous manufatcure of various kinds which are also produced in the United States, then the Japanese are denied the dollars to buy goods from America's most efficient producers. The American people as a whole will be the poorer for it.

U.S. exports could be affected in yet another way. If the United States violates the Kennedy Round Agreement by instituting quantitative restrictions on trade, other nations have the right under GATT to retaliate against U.S. products, as the United States retaliated several years ago against the products of the EEC in the "chicken war."

We have been examining in detail the trade between the United States and Japan, but what has just been said is applicable to U.S. trade with Europe and indeed with the whole world.

UNFORTUNATE CONSEQUENCES OF LOSING THE MOMENTUM OF LEADERSHIP IN INTERNATIONAL TRADE

I should like now to refer to the consequences of trade restrictive proposals in both economic and political terms. Trade agreements which have been entered into contain "escape clauses" and there are various means, from a legal standpoint, whereby parties to the agreements may take action to protect a particular industry considered to be in serious danger of injury from imports. But if such measures extend over a wide variety of products, and if they are not based upon serious and well-founded dangers of intolerable dislocations within the economy of the receiving country, then such measures destroy the structure of international economic cooperation.

It is important for all nations that the world not backslide into protectionism, but it is particularly important for the United States because of the world-wide production of the multinational corporations chiefly owned by Americans. Deliveries from production abroad by U.S.-dominated companies are estimated to equal five times all U.S. direct exports. U.S. receipts—interest and dividends—from investments abroad amount to $5 billion annually, equal to one-sixth of the proceeds of all U.S. exports. Thus the international financial strength of the United States, to a degree far exceeding that of any other country, depends on the absence of obstacles to the movement of goods and money, even obstacles existing between other countries. The necessity for continued U.S. leadership in trade and investment policies is not only moral and political—it relates directly to the economic interests of the United States. As the largest and the wealthiest trading nation, the United States sets the pattern. The enactment of legislation along the lines of restrictive proposals now pending before this Committee would mean the end of a whole era of U.S. leadership in international economic cooperation, causing the free world to collapse into autarchic states or trading blocs, each the poorer for its inability to trade freely with the others.

The political consequences are sobering, in terms of the ability of the United States to wield its power effectively toward peace and international cooperation. In no country and area would this be more serious than Japan and the other nations of the Pacific basin.

We tend to dwell more on our problems than our successes, but it is important to note that the postwar history of Japan is a remarkable success story for both the Japanese people themselves and for American policy toward that nation. From the ashes of defeat and destruction, Japan has achieved a modern technological society comparable to many parts of the United States and Europe, the highest economic growth rate of any country in the world, and a democratic political system. It is a shining beacon to all the peoples of the underdeveloped world, particularly in Asia. And, most important for present purposes, it is a vital part of the United States security system. Our naval vessels use the ports of Japan, and one of the most important overseas air bases of the United States is located in Okinawa. It remains true, as we said in a paper submitted to a Congressional Committee in 1958, that . . . "The United States can feel confident of Japan's role only so long as the people of Japan are convinced that their interest lies in such cooperation. The people of Japan are now so convinced, and their own commitment to the free world and the principles of the United Nations is so great that they will not easily alter their view. The first consideration, however, in the mind of a Japanese, as in the minds of people the world over, is that he and his family have a decent living. Competing perhaps with this consideration for the first place is self-respect. It is true, therefore, in a very real sense, that the United States can count upon Japan as a friend so long as Japanese are satisfied that on the whole policies of the United States are compatible with Japanese livelihood and Japanese self-respect."

We must remember that Japan's economic dependence on the United States is much greater than U.S. dependence on Japan.

To illustrate, in 1967 each Japanese purchased, on the average, more than twice as much American goods ($32 worth) as each American purchased of Japanese goods ($15 worth). Furthermore, Japan's imports from the U.S. were 27.5 percent of its total imports, representing 2.8 percent of its GNP, as compared to U.S. imports from Japan representing 11.2 percent of total U.S. import, only 0.4 percent of U.S. GNP.

In popular terms, this lopsided interdependence is expressed by the fact that while these hearings today are receiving modest attention in the press in most cities of the United States, they are undoubtedly making headlines in the newspapers of Japan.

GENERAL PROBLEMS OF IMPORT QUOTAS

The inherent vice of all quotas, of course, is that they distort the normal patterns of trade and do not permit market forces to operate freely. In his respect, they are worse than customs duties. A limit on the quantiy of any particular commodity that may come in either creates a chaotic struggle for priority—distorting normal business decisions in the interest of participation in the limited supply—or, like a cartel, involves some mechanism for allocation of the quota among exporters or importers or both. The disturbance to trade resulting from such restrictions can hardly be exaggerated. Because of them, importers have been unable to gain access to a source of supply, have had to pay premiums for quotas assigned to others, or have made their purchases when they were able to get the goods at the additional cost of higher prices or storage charges to keep them until needed. These handicaps to importers have been reflected in damage to consumers, in terms of higher prices and limited supply.

It is hardly necessary to point out that the principle of governmentally fixed limitations on imports for a wide range of goods is altogether opposed to the principles of economic freedom on which this nation has grown great and is much closer to the cartel philosophy that the U.S. deplores when practiced by other nations. One of the reasons for the vigorous growth of the U.S. economy is that the society has resisted the notion that any producer has a fixed right to a share of the market, whether it be threatened by technological or managerial innovation, a shift to lower wage areas within the United States, improved transportation, or competition from abroad.

In the case of quotas, the distinguished Harvard Professor of Economics, Gottfried Haberler, said:

". . . importing . . . ceases to be a business where entrepreneurial ability and sound business judgment determine who wins. Under the quota system the Government has to decide who is going to do the importing and the allotment of an import license become equivalent to a Government handout.

"Anyone who asks for quotas in effect asks for Government handouts and, whether he knows it or not, demands the replacement of the businessman and market forces by public officials and Government fiat.

"It is for this reason that I said before that quantitative restrictions on trade and payments are poison to the Free Enterprise System."

Americans have bitterly resisted internal controls over the economy, and when they came in World War II, got rid of them as soon as possible. The proposed legislation, nevertheless, proposes to install similar odious controls over the import trade of the United States, involving not only the limiting of imports but a vast and complex bureaucratic machinery. To illustrate, we suggest that this Committee ask the Department of Commerce and the Department of Treasury how many people are employed in the administration of the controls on cotton textiles, how many man-hours are spent, how many pages of publications are spewed forth, and what the administration of this program costs the taxpayers of the United States. Then ask for an estimate for the administration of the proposed quotas.

Some members of the Ways and Means Committee have been arguing, not without reason, that the tariff reductions achieved under the Kennedy Round are being subverted by quantitative and other nontariff barriers to U.S. exports. But in all candor, gentlemen, the United States cannot overlook the bad example of the quantitative restrictions that it continues to maintain. Permit me to quote an exchange between Undersecretary of State George Ball and Congressman Curtis during the hearings of the subcommittee of foreign economic policy of the Joint Economic Committee on July 20, 1967.

Representative Curtis: ". . . I have been deeply concerned with whether we haven't in many, many instances been replacing the tariff techniques for regulating trade with something that I would regard as much more regressive. I refer to the license and quota approach. And I think the long-term cotton textile agreement would give grounds for this concern.

"Of course, we have had the sugar license and quota setup for some time. And we now have an international coffee agreement. We are talking about an international cocoa agreement. And they are talking about extending the cotton textile agreement to include wool and man-made fibers. We have got the oil import quota agreement. Do you see a danger of moving forward to what we call mercantilism, at the same time we have been taking down the tariff barriers, so that we will end up with not having keyed up trade, but having restricted it by the use of the other techniques."

Mr. Ball: "You touch me on a very sore point, Mr. Curtis, because I invented and negotiated the cotton textile agreement, and it has always been on my conscience. I think that it was a bad thing. But I did it only because if I hadn't I was very much afraid that Congress was going to impose mandatory quotas, which would have been even worse."

We respectfully suggest that proposals such as the Herlong bill, H.R. 16936, and the Bates bill, H.R. 87, which establish generalized formulas for ceilngs on U.S. imports, would deny to America's trading partners the benefits of the tariff reductions just negotiated and invite retaliations against U.S. exports that would wreck U.S. trade policy of the last 35 years.

As soon as you seek to establish a set of standards that would make relief mandatory at the behest of every industry whose members think it should have relief, then you have struck at such a wide area of imports that the result is the destruction of trade based on competition.

I would now like to move along to some of the circumstance surrounding proposed item quotas now under consideration by the Committee.

QUOTA PROPOSALS

Steel

During the past several years, the largest dollar-earner for Japan in exporting to the United States has been steel mill products. Naturally, our Council is, therefore, much concerned about the "Iron and Steel Orderly Trade Act" (H.R. 13543 and similar bills) and the "Iron Ore, Iron and Steel Orderly Trade Act" (H.R. 14698 and similar bills).

As all here are aware, imports of steel mill products into the United States were inconsequential until the lengthy steel strike of 1959. Therefore, we are confining our review of the U.S. steel market situation to the intervening years—1960 to date. If the United States steel industry is having difficulties, this is the only time in which growing imports could have been a contributing factor. Obviously, the U.S. steel industry has not seen a rate of growth in recent years comparable to that of newer and more dynamic industries—electronics, computers, jet aircraft, etc. However, I direct your attention to Table I, attached to my written statement: from 1960 to 1967, according to the Federal Trade Commission and the Securities and Exchange Commission, annual steel industry sales have increased by $5.6 billion; annual net profits have increased by $220 million; liquid position (current assets minus current liabilities) has improved by $1.2 billion; earned surplus and surplus reserves have increased by $2.1 billion; current assets have increased by $2.4 billion; investment in property, plant and equipment (after depreciation) has increased by $3.2 billion; total assets have increased by $6 billion; and net worth or stockholders' equity (total assets minus total liabilities) has increased by $2.3 billion. Despite the modest and—we believe—short-lived downturn in the overall trend during 1967, these figures do not seem to portray an industry materially damaged by foreign competition.

For most modern economists, an even more accurate measurement of the health of an industry is its annual net "cash flow," that is, the sum of its retained profits (after payment of dividends) plus additions to reserves attributed to depreciation and depletion. Table 3 attached to my written statement shows the "cash flow" of the U.S. steel industry from 1960 through 1967. While the U.S. industry has recently been investing heavily in newer and more productive plant and processes, it is clearly evident that it has been able to do so with little need to resort to money markets or new issues of equity shares. Again, this is hardly a demonstration of an industry mortally beset by admittedly sharp import competition.

It has been maintained, by a kind of modified straight line projection, that steel imports into the United States within ten years would reach "a staggering 40 million tons." We acknowledge that neither the U.S. industry nor the U.S. Government could view such a prospect with equanimity. On the other hand, let me draw your attention to Table 9, attached to my written statement. This table is extracted from a recent book published by the University of Michigan and presents an entirely different view of the future U.S. steel market. The book's section on steel was written by the marketing research director of McLouth Steel Corporation, who should not be considered inexpert on the subject. This article projects, not only a steadily growing demand for steel in the United States, but by 1980 a virtual balance between U.S. steel product exports and imports. It seems obvious that the continuing massive modernization of American plant and equipment will bear fruit in future years and this is the assumption of the author of the article.

Whoever is right in crystal-balling, we submit that the present situation is far from justifying a reversal of the long-standing liberal foreign trade policy of the United States in the interest of the steel industry.

It has been contended that steel imports represent 70,000 to 80,000 jobs that would otherwise be held in the United States. In the first place, even the most extreme proposals by the domestic industry would not suggest eliminating *all* imported steel. Second, and most importantly, they totally ignore the 3.5 million American jobs created by U.S. exports—jobs that would not exist if American trading partners abroad had not the dollars to purchase the farm and industrial products of this country. Third, while there may exist in some communities in some parts of the country some distress with respect to steel layoffs, it should be emphasized that materials published by the American Iron and Steel Institute always speak in terms of job opportunities, not actual jobs. In fact, metal trade publications have for the past six months been pointing out the shortage of steelworkers in the growing Chicago area and describing the efforts of the steel companies there and elsewhere to induce the migration of skilled or unskilled workers into the steel mills. We strongly doubt that any reputable steel economist would endorse the figures on import-generated job losses that have received such wide publicity.

Much has been made of lower steel wages abroad, a fact which is indubitably and inevitably true. Foreign steel workers, operating in economies and societies much less wealthy than the United States, could not possibly be paid the equivalent of about $4.75 per hour. However, I believe that for most steel producing countries—and I know that for Japan—steel employees are among the highest paid group of workers in their own countries. Allegations of "cheap labor" are unfounded. Furthermore, while U.S. steel wages have increased at a steady pace, steel labor productivity has increased even more. I draw your attention to Tables 4 through 7 (attached to the written statement), indicating that from 1960 to 1967 industry sales and shipments have risen more rapidly than have employment costs, whether measured by total employees or by production workers. We maintain that such unemployment as may exist in the steel industry is far more the result of technological advances and more intensive capital investment than it is of rising steel product imports.

The U.S. steel industry has claimed with pride that it is spending money for research and development at an annual rate well above $150 million, implying that the industry is not laggard in foresight. It is true that in recent years, the industry has indeed increased its effort to make up for its lack of innovation in prior years. However, in this connection, permit me to quote from an article entitled "The Trouble with Steel," from the prestigious *Challenge/The Magazine of Economic Affairs for July/August 1967:*

"The record of the steel industry in this respect is rather shocking. Thus a 1966 report of the National Science Foundation revealed that in 1964 the steel industry devoted less of its sales dollar to research and development than all but three of the 16 industries surveyed. The industry spent only 60 cents of every hundred dollars of sales revenues on R&D, compared to a $1.90 average for all manufacturing industry. Even more revealing, all the industries that produce substitutes for steel products—aluminum, cement, plastics and glass—spent more on R&D than the steel industry, sometimes five and six times as much."

Vague and generalized statements have been made that, compared with the United States steel industry, foreign steel industries have been greatly advantaged by their respective governments in terms of financing, export promotion, and import protection of their home markets. These widely disseminated assertions, upon examination, are best characterized by their total lack of specific detail. With regard to the European or other steel industries, we must leave answer to others more knowledgeable. We believe that the allegations are lacking in substance insofar as the Japanese steel industry is concerned.

It has been stated that the Japanese industry "is heavily favored in terms of capital supply." Statistics on this matter, for the years 1960 through 1966, have been submitted to Professor Weidenhammer in connection with his steel study for the Senate Finance Committee. An examination of these figures does not bear out the allegations. First, governmental loans to the steel industry are at the same rate of interest as those from private banks; this rate (8.2 percent per annum) can hardly be considered favorable, especially when compared with the rate at which the U.S. steel companies even today are able to borrow money. Second, at *no* time, over this seven year period, have governmental loans exceeded 1 percent of new capital for the industry. Third, the major sources of investment funds for the industry have been retained profits and depreciation, the flotation

of bonds, an increase of capitalization by the increase of shares, and loans from private-commercial banks. Over the period 1960–1967, the new financing provided by foreign loans (the World Bank, the U.S. Eximbank, etc.) has rapidly decreased and by 1966, the payment of interest on these foreign loans is well in excess of new capital so acquired. By and large, over the period, the major source of new investment has been retained profits and depreciation; this not unlike the experience of most U.S. steel companies. Thus the Japanese government has played a small role in the capital supply of that nation's steel industry.

Since Japan became a full-fledged Article 8 member in April of 1964 of the International Monetary Fund Agreement, no special income tax advantage has accrued to export industries, whether steel or other. Japan, like the United States, has an Export-Import Bank to help promote Japanese exports of all kinds. In the national interest, the Japanese Ministry of International Trade and Industry has exhorted its industries to extend their best efforts to expand exports, just as the United States Department of Commerce has exhorted American industries. Export goals have been set, which industries try to meet; this can hardly be considered much different from the U.S. Government's efforts to promote exports and to discourage investment abroad—on the basis of voluntary industry action.

It has been said that the Japanese steel market is "insulated from steel imports." We would like to point out that, during the recent Kennedy Round, the Japanese duties on steel imports were reduced by an average of 50 percent (see Table 10 attached to our written statement). The problem for prospective United States exporters of steel to Japan is not nontariff trade barriers; it is rather that the prices of United States steel products are so high that they could not be sold in the Japanese market, whether or not non-tariff import barriers existed. A Vice President of the Bethlehem Steel Corporation testifying before the Federal Maritime Commission in hearings involving freight rate differentials between the United States and Japan said that, even if there were no ocean freight charge for the export of U.S. steel to Japan, Bethlehem could sell little steel in the Japanese market because it could not meet the Japanese home market prices.

In any event, it is our understanding that—contrary to the usual assertions—the Japanese government does not exercise a restrictive import licensing system (with a few minor exceptions in certain small varieties of specialty steels).

We wish to draw your attention to Table 8 attached. It should be noted that during 1967, steel from Japan represented in volume only 92 percent of Japanese steel imports during 1966; this compares with a total steel import from all sources in 1967 of 107 percent of 1966 imports.

To seek quotas on steel imports is to seek an extraordinary degree of protection. That is obvious. It is equally obvious that a country dedicated to private enterprise cannot lightly or easily impose quotas on products competitive with those of its own industries. Extraordinary reasons must support extraordinary restraints. These extraordinary reasons have not been demonstrated for the United States steel industry, and, I submit, cannot be demonstrated. It may be that the American steel industry has not experienced the growth which other industries have experienced or that steel industry stocks are less attractive to speculators than the stocks of other industries or that steel company profits have not achieved so high levels as those of the more glamorous newer industries.

These facts, in themselves, even if true, do not furnish reasons sufficient for quotas—particularly when the industry has shown a steady pattern of growth which, whatever its impressiveness in *relative* terms, is undeniably impressive in *absolute* terms.

Textiles and apparel

Other significant items in the import trade from Japan which would be affected by measures before this Committee are textiles, apparel and other made-up goods which together totalled about $400 million in 1967.

It is clear that there has been no injury to the domestic textile and apparel industries by these imports. This assertion is completely substantiated by the report of the United States Tariff Commission requested by the President and the Chairman of this Committee. The report is an objective examination of all of the relevant data on the performance of the United States industries and the impact of imports. It documents the substantial growth and progress of these industries and the strong position they have attained in competition against imports.

There has been, in our view, considerable misrepresentation of the import trade from Japan in textiles and apparel. A principal finding of the Tariff Commission

and one which was agreed to by the domestic industry, American importers and foreign exporters is that these are all-fiber industries. Distinctions based upon fibers are misleading and are not representative of the true picture.

Table 11 shows an increase from 1965 to 1967 of 17 percent in manmade fiber products. However, it also shows that in the same period cotton imports declined by 6.8 percent and wool imports declined by 1.6 percent resulting in a total increase of only 3 percent. Given the all-fiber nature of the industry, it is the total figure which is significant.

The table shows imports from Japan of all manufactures in millions of equivalent square yards. There is an increase in total imports from 1965 to 1966, which was a year of extremely high demand. The United States industry, in all sectors, also had unprecedented increases in production in 1966. The table also shows a precipitous drop in imports from 1966 to 1967, a year in which the United States industry in most sectors maintained about the same levels of production as in 1966.

On an overall basis imports from 1966 to 1967 declined by 14.4 percent. Measuring from 1965 to 1967 (so as to avoid the distortions introduced by the high demand conditions of 1966) imports from Japan showed a very small increase: 3.0 percent.

There may be some increase in total imports in 1968 but domestic industry production, sales and profit all should be considerably above 1967 levels as well.

There have been complaints of imports in particular segments. In the case of wool textiles, imports from Japan have been declining for two consecutive years. Indications based upon forward orders are that 1968 will be at about the 1966 level.

At the same time the trade press reports that the domestic worsted mills are booming, with orders booked well in advance, and indications that an extremely tight supply situation is developing.

In the worsted trade Japan is marketing very high quality fabrics which have their own markets and do not compete to any appreciable extent with the worsted cloth produced in the United States. A major part of worsted imports from Japan has been silk worsted blends, a specialty which simply cannot be duplicated in the United States.

Without doubt the Japanese worsteds, along with British and Italian worsteds, have a large share of the business in fabrics for men's suits in the more expensive lines. On the other hand, the domestic industry is practically without competition in its principal line, cheaper worsteds for low cost suits, slacks and casual clothes, fields which are growing more rapidly than the suit market.

In the manmade fiber field much of the imports consist of specialties which are also not produced in the United States, such as rayon crepes, habutai and bemfany fabrics of rayon with about 40 denier yarn counts. There are also non-competitive imports of fancy weave fabrics of rayon and acetate including brocades and other fancies. There are many other examples of non-competitive imports from Japan in the manmade fiber field. It has been estimated that about 25 percent of manmade fiber fabric imports from Japan were non-competitive, although it is very difficult to make precise estimates.

The drop in imports of manmade fiber products as shown on the table was about 21 percent from 1966 to 1967.

Given the strong record of the United States industry through 1966 and the complete recovery in 1968 from the general economic dullness of 1967, it appears to us that quotas on textiles are entirely inappropriate. We understand that other witnesses before this committee will go into the textile and apparel fields in greater depth and will point out the detrimental consequences of the adoption of such restrictions.

Electronics

The plea for quota restrictions on imports of electronic products clearly comes from only a segment of one of the United States most sophisticated, specialized, world-wide industries. The United States is a substantial net exporter of electronic products and has investments, joint ventures and licensing agreements throughout the free world.

This is preeminently an industry where the theory of comparative advantage is carried out in practice. The United States exports products where it has a technological lead, e.g., computers, and imports less sophisticated electronic products.

Even in the consumer product segment of the industry in its operations in the U.S. market, you find U.S. companies specializing in higher priced items

and filling out their lines with lower priced products obtained abroad. Many U.S. producers of consumer electronics are sharing in a growing market that was created by foreign producers, e.g., pocket-sized radios and small-screen TVs from Japan.

Because of standardization there is an international market for components. Here again the U.S. industry has large export earnings.

U.S. production has been rising, whether considered in terms of general electronics, consumer electronics or electronic components. Indeed, there have even been short supply situations. Congress itself acted to alleviate a tight supply situation in color TV tubes (P.L. 89-241).

It would be clearly shortsighted to approve an electronics quota bill. The strongest initial adverse impact would be felt by U.S. companies in the electronics industry itself. They have come to rely on certain imported components and finished products in their drive for specialization. In recognition of this fact, the major manufacturers of consumer electronics products generally oppose the electronics quota bill. The products of this industry play such a pervasive role that inflationary price effects would be felt very quickly throughout the U.S. economy. Because the U.S. electronics industry has a large export surplus, its own products would be obvious targets of retaliation.

These considerations demonstrate that S. 2539 would be adverse to the interests of the U.S. electronics industry and patently adverse to the U.S. national interests.

Footwear

The position of the American footwear producers who support H.R. 13602 or H.R. 13613 and similar bills with respect to imports ignores two very important factors. First, the imports of Japanese footwear about which the National Shoe Manufacturers Association is complaining are almost all footwear with vinyl uppers. According to the Department of Commerce, approximately half of all imports consist of such products, and they had an average f.o.b. value in 1967 of 60 cents. Such products are for women and misses, and such shoes in the first three months of 1968 also had an average f.o.b. value of 60 cents.

Now, 60 cents f.o.b. means that these shoes are selling at retail somewhere around $1.75, perhaps from $1.39 to $1.99. From American production, there is no serviceable footwear available at all in this price range. This means two important things: that these products are not displacing American sales on anything like a one-to-one basis because the people who buy them would often not be buying a more expensive shoe; and that imports are rendering a great service in making footwear available for poor people at a price that they can afford.

The second factor which should be noted is that there is today, and has been for several years, a shortage of labor in the American footwear industry. The trade press has been full of stories about the difficulties in obtaining labor. The shoe industry itself has often recognized the problem. *The jobs said to have been lost in the shoe industry are theoretical jobs which there are no workers to fill.* For this reason, there is a great impetus to shoe production in Puerto Rico and stress upon training shoe workers there. From the standpoint of the American economy, imports have been serving the valuable traditional function of meeting the needs of the market and making it possible for American labor to concentrate on the more sophisticated, higher paid, efficient lines of production.

These facts and many others—such as the role of the large vertically integrated American footwear firms in bringing imports in—will no doubt be described in the report to be made as a result of the Tariff Commission's current investigation of footwear.

Hardwood plywood

The limitation by quota of the important of plywood would not serve any desirable public purpose. Imported plywood is virtually all hardwood species, used for decorative rather than structural functions. Japan supplies a major portion of these imports and is especially known for several exotic, indigenous, decorative plywoods such as sen. It is no accident that imported hardwood plywood has come to supply more than 50 percent of total consumption in the United States, for, as indicated by projections prepared by the Forest Service and other agencies of the Government, the supply of domestic veneer quality hardwoods has been inadequate to meet the demand and will become even less capable of doing so as the present rates of increase in demand for these products are projected into the future. Consequently, to restrict by quota the importation of

products such as hardwood plywood, in the face of certain decrease in domestic supply relative to demand, is simply not in the public interest.

Glass

Imports of flat glass have been under attack. These complaints have come from an industry that is an exceptionally healthy profit position, that engages in very favorable international operations, and that already enjoys special protection from certain imports.

Libbey-Owens-Ford Glass Company, as one of the principal companies in the industry, has consistently maintained one of the highest ratios of net profit to sales of any major U.S. corporation. The annual "Fortune 500" shows this profit ratio has ranged between 23 and 30 percent in the last several years for L.O.F., and around 10 percent for the Pittsburgh Plate Glass Company.

Public statements by industry executives confirm that the relative decline in 1966 from these exceptionally high levels is attributable to declines in automobile production and residential and building construction, on which the industry depends so heavily.

This industry is reported to have substantial investments in productive facilities in Europe. Its technological superiority is the basis for world-wide licensing arrangements and is also the best guarantee against loss of markets to imports.

The sheet glass segment of the industry has been under the special protection of escape clause restrictions since 1962. The alleged difficulties of this segment have been the subject of extensive annual review by the Tariff Commission. Sheet glass was exempt from any duty reductions in the Kennedy Round. And now President Johnson has extended the escape clause restrictions on certain sheet glass imports until 1970.

In short, this is a healthy industry that does not need any additional protection. Furthermore, a decade surely should be adequate time for an industry with such favorable capital and technological resources to adjust to competition without the crutch of escape clause restrictions.

BALANCE OF PAYMENTS CONSIDERATIONS

It is occasionally suggested, usually by industries seeking protection, that various import limitations should be adopted to assist the U.S. international payments position. For the reasons pointed out above, the quantitative limitations suggested would in fact be disastrous for the U.S. international accounts, by limiting total trade.

Also at times suggested—but at this writing rejected by the Administration—is the idea of a special levy or surcharge on imports. There are precedents for such temporary action, i.e., the United Kingdom and Canada in recent years. In the case of the United Kingdom, the import surcharge did not prevent devaluation of the pound sterling, and it is doubtful that it had any significant short run economic effect on the balance of payments.

The effectiveness of a U.S. import surcharge is also doubtful. A surcharge would operate in four ways: (a) to some extent, it would be absorbed by the foreign supplier, resulting in fewer dollars earned; (b) to some extent, it would lead to a decline in sales (orders cancelled or just not placed); (c) to some extent, it would be absorbed by the importer (but this would be very small, because of the margins on which importers work); (d) and to some extent, it would be passed on to the U.S. consumer in the form of higher prices. Only the first two would assist the U.S. balance of payments, and the last would make matters worse, by reason of the inflationary effect of higher prices. Inflation, of course, would impair U.S. ability to export.

The longer a surcharge remained in effect, the more serious its effect would be on U.S. prices. The natural tendency would be to pass on the price increase as soon as markets permitted. For instance, a five percent increase in the landed duty paid cost of dutiable imports would mean a commensurate increase, over time, in the price level of competitive domestic products. One of the great values of imports is that they tend to keep down domestic prices. Their anti-inflationary impact far transcends the actual volume imported.

There are not adequate tools to predict with confidence the effect of such a surcharge upon billions of dollars of varied imports. Some knowledge of a number of important commodities leads us to believe that if the rate of the surcharge were low, then after a painful period of trade disruption, trade would pick up again with the increase predominantly passed on in higher prices, thus working against rather than for the objectives of the surcharge.

The same fatal dilemma exists at the domestic U.S. political level. A levy high enough to cause a significant decline in imports and comfort U.S. protectionist interests would be violently unacceptable to America's trading partners, who would take serious retaliatory measures.

The conclusion is unavoidable. An import surcharge is not a practical medicine for the international payments ills of the U.S. in 1968.

Historically the United States trade balance has been the strongest and most positive element in the overall balance of payments picture. We realize that this is less true in 1968 than it was in previous years, but there is certainly no such trade deficit as would suggest the existence of a "fundamental" disequilibrium. If U.S. costs and prices were rising so rapidly in comparison to those of other countries that the capability of exporting was seriously impaired and U.S. imports greatly encouraged, then a better case could be made for a selective adjustment in exchange rates than for an overall increase in tariffs. There are some economists who believe that an upward adjustment in relation to the dollar of some of the "strong" currencies of Europe—notably the deutschmark and the guilder—is in order. To revalue such currencies would require painful and patient negotiations, but this would be preferable to either unilateral United States devaluation or the imposition of a general import surcharge which would strike impartially at both strong and weak nations.

Either of these drastic alternatives would hit particularly hard and particularly unfairly at Japan, which ships approximately 30 percent of its exports to the United States. Unlike the EEC countries, but like the United States, Japan has a serious balance of payments problem. It must be noted that Japan has consistently used domestic fiscal and monetary measures in recent years to protect its own balance of payments position, and has cooperated in all programs to maintain confidence in the dollar.

To prevent a situation of fundamental disequilibrium from developing in trade, the United States Government, at all levels, must take fiscal measures to slow down the rate of inflation so that United States goods remain competitive with other goods in world markets. It now appears that such measures may at last be taken. Even more important, there is hope at this writing that the drain on human and financial resources of the war in Vietnam may begin to decline. It is these plus the expenditures for the maintenance of military forces elsewhere that are above all responsible for the balance of payments difficulties.

Regardless of the merits of various remedies for the international payments ills, it is essential to avoid drastic measures which have consequences far exceeding their objectives.

TRADE EXPANSION ACT OF 1968

According to Ambassdor Roth, "This bill is not designed like the Trade Expansion Act of 1962 to present a complete program for future action. At the direction of the President, the Executive Branch is studying the whole area of international trading relations so that we can make overall recommendations concerning our future policy."

We might add that we support the Congress in its study of international trading relations as reflected in these hearings. Our association, like others, is pleased at the opportunity to express its views on the world economy as it affects the United States economy, and on the United States economy as it affects the world economy.

Indeed, we hope that future foreign economic policy will truly reflect the national interest of the United States as extracted from the interplay of ideas and facts among members of Congress, the business community, labor, and associations such as ours. But in the meantime, as Ambassador Roth stated before your committee, "There are certain steps that cannot wait. These are incorporated in the bill that the President has asked your Committee and the Congress to consider."

Support extension of President's negotiating authority

The request that the President's negotiating authority be extended until July 1, 1970, within the unexpired authority and limitations of the Trade Expansion Act of 1962 is a modest one. It will simply enable the executive to make tariff adjustments to prevent default in the international obligations that have already been undertaken.

The significance of failing to grant such authority would be considerably greater than the significance of granting it. Granting it will permit the continuity in the exercise of U.S. foreign trade policy pending more far-reaching decisions upon future directions. Refusal to grant could signal to the rest of the world a breakdown in U.S. leadership in trade matters.

Adjustment assistance

According to Ambassador Roth and other Administration spokesmen, adjustment assistance under the 1962 TEA has not worked as was intended. We believe that the impact of imports has been exaggerated, by both industry and labor. If governmental help is desirable because imports contribute to a displacement, then governmental help is also in order if these displacements arise from technological developments, changes in taste, a shift in defense orders, or still other factors. Nevertheless it is a fact that the support of labor for the Trade Expansion Act of 1962 was based, in no small part, upon the promise of adjustment assistance. That being so, it would be prudent to do everything possible to make it a reality. Accordingly the U.S.-Japan Trade Council supports legislation to make it easier to obtain adjustment assistance.

At the same time the Council hopes that the Congress will stand fast against any changes in the criteria leading to adustment of tariffs. In this respect, the much criticized decisions of the Tariff Commission can be fully defended on both legal and policy grounds. It is not surprising in the least that there have been no cases of relief under Title III of the Trade Expansion Act of 1962. Most of the tariff changes had taken place long before and the changes effected by the Kennedy Round are scarcely now in effect. The whole notion of adjustment, under the Trade Expansion Act, implies that an industry has already had time to attempt to adjust to tariff changes that took place long ago.

American selling price valuation

We think that the problem of American Selling Price valuation or ASP has been inflated well out of its proper proportions. This abnormal method of valuation applies to only a very small part of all of the imports into the United States and one would suppose that it was of general application from all the attention it has been given. Nevertheless, it is contrary to the GATT (except for the saving clause on existing legislation) and the United States has been inviting trouble by not doing the sensible thing years ago and removing this anomaly from the American customs law. Such unilateral removal was proposed by the Administration back in 1950 when the customs simplification legislation was being first proposed. It seemed a very normal and natural thing to ask the Tariff Commission to find the equivalent rates, as near as may be, on the normal valuation methods and to convert as a unilateral U.S. matter. It is unfortunate that it was not done in this way. We think an enormous amount of confusion and misunderstanding has arisen because of the attempt to bargain for the removal of ASP, and to combine the process of converting into rates giving comparable protection with the process of reciprocal reduction of tariffs.

The chemical tariffs to which the American Selling Price applies are of considerable interest to the trade between Japan and the United States, as also is sneaker-type footwear entered under Item 700.60 of the Tariff Schedules of the United States. There was no bargain in Geneva on the footwear because the United States delegation took an unacceptable position with respect to the rate of conversion. The United States sought to negotiate on a basis which meant an actual increase in duty. This was highly unacceptable not only to the principal supplying country, Japan, but also to importers in the United States.

Now, the Administration requests authority to enter into an agreement eliminating ASP on footwear, which we heartily approve. But it includes a quite unjustified minimum rate, effective not before 1971. The rate is a compound rate of 20 percent plus 25 cents a pair *coupled with* a floor of 58 percent ad valorem. This proposal is entirely wrong in principle because it departs from the conception of converting at the same level of protection that has been enjoyed during a recent historical period. The Tariff Commission found a level of 58 percent in 1965. We submit that the bill should be amended so as not to tie the hands of the negotiators, and allow rate and product definitions consistent with the 1966 Tariff Commission report, or a new report.

The "Final List" and customs administration

The United States-Japan Trade Council urges that abolition of the "Final List" be approved by the Committee as part of this bill or as a separate bill.

The Final List is an anomaly, a nuisance for the Customs Service and a serious vexation for the trade with Japan, for three reasons.

First, the Final List affects the valuation of vacuum tubes from Japan, which presents serious commercial difficulties.

Second, it causes the American Selling Price valuation of footwear to be considerably higher than it would otherwise be, and thus makes this method of valuation even more unfair.

Third, the Final List hangs like a sword of Damocles over the trade. What happened on vacuum tubes was unanticipated, and there are a variety of other products for which unanticipated high duties could be demanded at any time.

We understand some of the reasons why the Congress and Administration have not made any effort for some years to abolish the Final List. However, we submit that this is a mistake.

This comment also applies to some other reforms in customs administration which are long overdue. For instance, the Congress should adopt legislation to merge the statutory procedures for review of valuation and for review of classification. Such a bill was introduced as a trial balloon in the 89th Congress, but has not been heard of since. If we wait to propose the reforms that were due years ago, then how will we ever make the reforms of tomorrow?

MAINTAIN MUTILATERAL TRADE BASED ON "MOST FAVORED NATION" PRINCIPLE

The General Agreement for Tariffs and Trade is based on the "Most Favored Nation" principle. Simply stated this principle means that the terms of trade granted by one nation to another is extended to third nations.

Both tariff preferences and economic blocs seriously violate this principle.

Preferences for the less developed countries

The developed nations of the free world, including the United States and Japan, have come reluctantly and for essentially political reasons to accept the idea of tariff preferences for the products of the less developed nations. The failure of the second UNCTAD meeting in New Delhi to reach any meaningful agreements should cause both developed and less developed countries alike to review their positions.

The economic case against preferences has been ably stated by many commentators. *First*, they tend to promote and perpetuate economic inefficiency. *Second*, preferences would be least helpful to those developing countries that are least developed and would most help those who have reached a stage where they have least need of the help. *Third*, there is no clear definition of "less developed" as this term applies to the cost of producing various products. *Fourth*, tariff preferences would create a vested interest against further efforts to liberalize world trade because the general reduction of tariffs would then automatically reduce the margin of preference. *Fifth*, a preferential system is extremely complex to administer and would give rise to additional bureaucratic regimentation. *Sixth*, the existence of a system of preferences would cause many industries in developed countries to insist that legislative safeguards be established against so-called market disruption. *Finally*, if tariff preferences were regarded as a form of aid the developing countries could measure this aid and deduct it from the aid that would otherwise be given. This could have the effect of reducing infrastructure aid while artificially stimulating uneconomic export industries.

The U.S.-Japan Trade Council urges that the objections to preferences be realistically re-examined instead of pursuing a course that is bound in the end to cause disappointment. Efforts should rather move in the direction of opening the doors of the highly industrialized nations to those products which the underdeveloped countries can best produce, and this on a non-discriminatory basis. For instance, abolishing the international agreements limiting the movements of cotton textiles would probably do more for the underdeveloped countries than any system of generalized preferences that could conceivably be accepted.

These comments are made in full sympathy for the problems that the less developed countries face, and indeed, in the belief that assistance to these countries to achieve acceptable rates of development is a major task which faces the world today. The task would not be advanced, however, by pursuing illusory methods for momentary political adcantage.

Avoid more trading blocs

If the rate at which trade barriers are dismantled is disappointingly slow, then inevitably attention turns toward the creation of regional blocs which

can serve somewhat the same purpose for countries that need to belong to larger markets. The accidents of history that have given rise to national states have not created the most desirable economic units. If the less developed countries insist, as they apparently will do, on protection for their infant industries and expanding their markets, then the formation of trade areas may make sense, particularly in Latin America and in Africa, in order to create larger market areas which would lead to the benfits associated with economies of scale. This is, of course, the basis in logic for the blocs that have been formed in Latin America, the Latin American Free Trade Association and the Central American Common Market.

In general, however, the U.S.-Japan Trade Council submits that for the United States to consider seriously participating in any customs union comparable with the European Common Market would be a step in the wrong direction and away from the multilateral reduction of tariffs and trade barriers which is in the true interests of the United States and the world as a whole. The reason is simply that the United States, by economic geography, is not a member of any logical group. It is itself already a bloc in the only sense which is really justifiable, a bloc that was brought into existence in 1789 and that received its latest accretion when Alaska and Hawaii became states. It has its own interest everywhere in the world—in Europe, in Africa, in Latin America, and in Asia.

TABLE 1.—SALIENT FINANCIAL STATISTICS: U.S. PRIMARY IRON AND STEEL INDUSTRY

[In millions of dollars]

Year	Sales	Net profits [1]	Liquid position [2 3]	Earned surplus and surplus reserves [3]	Current assets [3]	Property, plant and equipment [3 4]	Reserves for depreciation and depletion [3 5]	Total assets [3]	Stockholder equity
1960	18,590	945	5,089	7,916	8,131	9,946	10,678	19,091	13,051
1961	17,532	803	5,460	8,017	8,547	10,176	11,242	19,793	13,152
1962	18,555	720	5,525	8,084	8,356	10,049	11,941	19,568	13,221
1963	19,435	938	5,837	8,463	9,109	10,055	12,743	20,262	13,532
1964	21,993	1,225	6,012	8,978	9,752	10,614	13,712	21,464	14,099
1965	24,451	1,401	6,270	9,697	10,346	11,401	14,639	22,907	14,578
1966	25,735	1,487	6,234	9,573	10,649	12,240	15,699	24,183	14,853
1967	24,146	1,165	6,296	9,978	10,491	13,190	16,670	25,165	15,284
Change 1960 to 1967	+5,556	+220	+1,207	+2,062	+2,360	+3,244	+5,992	+6,074	+2,263

[1] After Federal taxes.
[2] Current assets minus current liabilities.
[3] At the end of the period.
[4] Deducting reserves for depreciation and depletion.
[5] Of property, plant and equipment.

Source: "Quarterly Financial Reports for Manufacturing Corporations," Federal Trade Commission and Securities and Exchange Commission.

TABLE 2.—GROWTH IN U.S. STEEL INDUSTRY PROFITS

[Dollars in millions]

Year	Sales	Stockholders' equity	Net profits [1]	Profits as percent of—	
				Sales	Stockholders' equity
1960	$18,590	$13,021	$945	5.1	7.3
1961	17,532	13,115	803	4.6	6.1
1962	18,555	13,225	720	3.9	5.4
1963	19,435	13,592	938	4.8	6.9
1964	21,993	14,083	1,225	5.6	8.7
1965	24,451	14,597	1,401	5.7	9.6
1966	25,735	14,853	1,487	5.8	10.0
1967	24,146	15,284	1,165	4.8	7.6

[1] After Federal taxes.

Source: FTC–SEC "Quarterly Financial Reports for Manufacturing Corporations."

TABLE 3.—NET "CASH FLOW" OF THE U.S. STEEL INDUSTRY

[In millions of dollars]

Calendar year	Net profit retained in business [1]	Addition to reserve for depreciation and depletion [2]	Total
1960	$297	$825	$1,122
1961	176	863	1,039
1962	146	430	576
1963	424	1,144	1,568
1964	679	1,224	1,903
1965	817	1,274	2,091
1966	885	1,365	2,250
1967	549	1,427	1,976

[1] Net Profit after taxes minus dividends.
[2] Including accelerated amortization of emergency facilities.

Source: "Quarterly Financial Reports for Manufacturing Corporations," Federal Trade Commission and Securities and Exchange Commission.

TABLE 4.—U.S. STEEL INDUSTRY SALES PER EMPLOYEE

Year	Industry sales [1] (Millions)	Wage earners [2]	All employees [2]	Sales per—	
				Wage earner	Employee
1960	$18,590	449,900	571,600	$41,320	$32,523
1961	17,532	405,900	523,300	43,193	33,503
1962	18,555	402,700	520,500	46,076	35,648
1963	19,535	405,500	520,300	47,928	37,353
1964	21,993	434,700	553,600	50,594	39,727
1965	24,451	458,500	583,900	53,328	41,875
1966	25,735	446,700	575,500	57,611	44,718
1967	24,146	424,200	555,100	56,921	43,498

[1] Source: FTC–SEC "Quarterly Financial Reports for Manufacturing Corporations."
[2] AISI.

TABLE 5.—U.S. STEEL INDUSTRY SALES PER EMPLOYEE COMPARED TO TOTAL EMPLOYMENT COSTS

Year	Industry sales [1] (Millions)	Total employees [2]	Sales per employee—		Employment costs per hour—[2]	
			Dollars	Index	Dollars	Index
1960	$18,590	571,600	32,523	100.0	3.58	100.0
1961	17,532	523,300	33,503	103.0	3.75	104.7
1962	18,555	520,500	35,648	109.6	3.87	108.1
1963	19,435	520,300	37,353	114.9	3.93	109.8
1964	21,993	553,600	39,727	122.2	4.01	112.0
1965	24,451	583,900	41,875	128.8	4.14	115.6
1966	25,735	575,500	44,718	137.5	4.25	118.7
1967	24,145	555,100	43,498	133.7	4.32	120.8

[1] Source: FTC-SEC "Quarterly Financial Reports for Manufacturing Corporation."
[2] Source: AISI (does not include fringe benefits).

TABLE 6.—U.S. STEEL INDUSTRY SHIPMENTS PER WAGE EMPLOYEE COMPARED TO WAGE EMPLOYMENT COSTS

Year	Industry shipments finished products	Average number of wage employees	Shipments per wage employee		Total hourly employment cost [1]	
			Net tons	Index	Dollars	Index
1960	71,149,000	449,900	158.1	100.0	3.82	100.0
1961	66,126,000	405,900	162.9	103.0	3.99	104.4
1962	70,552,000	402,700	175.2	110.8	4.16	108.9
1963	75,555,000	405,500	186.3	117.8	4.25	111.3
1964	84,945,000	434,700	195.4	123.6	4.36	114.1
1965	92,666,000	458,500	202.1	127.8	4.48	117.3
1966	89,995,000	446,700	201.5	127.5	4.63	121.2
1967	83,897,000	424,200	197.8	125.1	4.76	124.6

[1] Including all fringes.

Source: AISI.

TABLE 7.—U.S. STEEL INDUSTRY LABOR PRODUCTIVITY

Year	Ingot production (net tons)	Product shipments (net tons)	Average number production workers	Average annual ingot production per production worker (net tons)	Average annual shipments per production worker (net tons)
1960	99,282,000	71,149,000	449,888	220.7	158.1
1961	98,014,000	66,126,000	405,924	241.5	162.9
1962	98,328,000	70,552,000	402,662	244.2	175.2
1963	109,261,000	75,555,000	405,536	269.4	186.3
1964	126,931,000	84,945,000	434,654	292.0	195.4
1965	131,181,000	92,666,000	458,539	286.1	202.1
1966	134,101,000	89,995,000	446,712	300.2	201.5
1967	127,213,000	83,897,000	424,153	299.9	197.8

TABLE 8.—U.S. IMPORTS OF STEEL MILL PRODUCTS BY SOURCE

[In thousands of net tons]

Year	Japan	Belgium-Luxembourg	West Germany	France	United Kingdom	Canada	Others	Total
1960	596	988	587	344	209	211	424	3,359
(Percent)	(18)	(29)	(17)	(10)	(6)	(6)	(13)	(100)
1961	597	1,050	499	321	166	304	226	3,163
(Percent)	(19)	(33)	(16)	(10)	(5)	(10)	(7)	(100)
1962	1,071	1,246	460	299	250	367	407	4,100
(Percent)	(26)	(31)	(11)	(7)	(6)	(9)	(10)	(100)
1963	1,803	1,279	539	359	349	583	534	5,446
(Percent)	(33)	(23)	(10)	(7)	(6)	(11)	(10)	(100)
1964	2,446	1,384	676	440	285	692	517	6,440
(Percent)	(38)	(21)	(11)	(7)	(4)	(11)	(8)	(100)
1965	4,418	1,751	1,178	858	720	644	814	10,383
(Percent)	(43)	(17)	(11)	(8)	(7)	(6)	(8)	(100)
1966	4,851	1,612	1,220	764	748	692	866	10,753
(Percent)	(45)	(15)	(11)	(7)	(7)	(6)	(8)	(100)
1967	4,468	1,769	1,956	808	818	630	1,005	11,454
(Percent)	(39)	(15)	(17)	(7)	(7)	(6)	(9)	(100)
1967 as percent of 1966	92	110	160	106	109	91	116	107

Source: American Iron & Steel Institute.

TABLE 9.—PRODUCTION, SHIPMENT, AND CONSUMPTION OF STEEL, UNITED STATES

[In thousands of net tons]

Year	Steel ingot production [1]	Steel products			
		Shipments [1]	Export	Import	Consumption [2]
Actual:					
1954	88,312	63,312	2,792	771	61,132
1955	117,036	84,717	4,061	973	81,629
1956	115,216	83,251	4,348	1,341	80,244
1957	112,715	79,895	5,348	1,155	75,702
1958	85,255	59,914	2,823	1,707	58,798
1959	93,446	69,377	1,677	4,396	72,096
1960	99,282	71,149	2,977	3,359	71,531
1961	98,014	66,126	1,990	3,163	67,299
1962	98,328	70,552	2,013	4,100	72,639
1963	109,261	75,555	2,180	5,446	78,821
1964	127,076	84,945	3,281	6,440	88,104
1965 [3]	131,462	92,666	2,496	10,383	100,553
1966 [3]	134,101	89,995	1,724	10,753	99,024
1967 [3]	127,213	83,897	1,685	11,455	93,667
Forecast:					
1970	155,000	111,756	4,431	11,000	118,325
1975	183,000	137,756	5,513	9,000	141,243
1980	206,000	162,155	6,477	7,000	162,678

[1] The tonnage difference between ingot production and steel shipments is the result of in-plant yield and does not reflect an inventory buildup.
[2] Consumption equals shipments minus export plus import.
[3] Added by United States-Japan Trade Council, based on AISI statistics.

Sources: American Iron and Steel Institute, U.S. Bureau of the Census and McLouth Steel Corp. Market Research

TABLE 10.—JAPANESE KENNEDY ROUND CONCESSIONS ON IRON AND STEEL PRODUCTS

Brussels tariff nomenclature No.	Description	Ad valorem duties (percent) [1]	
		Present	After Kennedy round negotiations
7301	Pig iron, etc	10	5
73021	Ferrosilicon	10	5
73022	Ferromanganese	15	12
73023	Ferrochromium	10	10
73024	Ferronickel	15	12
73025	Other ferroalloys	10–15	5–7.5
7303	Iron and steel scrap	Free	Free
7304	Shot and grit, etc	10	5
7305	Powders, sponge iron, etc	10–12.5	5–6.25
73051	Same (less that 90 percent iron)	5	5
7306	Puddled bars, ingots, blocks, etc	12.5	6.52
7307	Semi-finished iron and steel	12.5	6.25
7308	Coils for re-rolling	15	7.5
7309	Universal plates	15	7.5
7310	Bars & rods	15	7.5
7311	Angles, shapes, and sections	15	7.5
7312	Hoop and strip	15	7.5
7313	Sheets and plates	15	7.5
7314	Iron or steel wire	15	7.5
73151 [1]	High-speed steels [2]	15–25	15–20
73151 [2]	Bimetal of 10 percent or more nickel	25	18
73151	Other alloy steels [3]	15	15–10
73152 [3]	High carbon steels	15	10
7316	Railroad construction materials	15	7.5
7317	Cast iron tubes and pipes	15	7.5
7318	Tubes and pipes	15	7.5
73181	Same (of alloy steel)	15	12
7319	Hydroelectric conduit	15	7.5
7320	Tube and pipe fittings	15–20	7.5–10
7321	Structures and parts	10–15	5–7.5
7322	Tanks, vats, etc	10–15	5–7.5
7323	Casks, drums, etc	15	7.5
7324	Compressed gas cylinders, etc	15	7.5
7325	Wire strand, cable, etc	15	7.5
7326	Barbed wire, fencing wire, etc	15	7.5
7327	Nets, netting, etc	15	7.5
7328	Expanded metal	15	7.5
7329	Chains and parts	15	7.5
7330	Anchors and grapnels	15	7.5
7331	Nails, stables, etc	15	7.5
7332	Bolts, nuts, rivets, etc	15	7.5
7333	Needles, etc	10	5
7334	Pins, hairpins, etc	10	5
7335	Springs, including spring leaves	15–30	7.5–15
7336	Stoves, etc	15	7.5
7337	Central heating boilers, heaters, etc	15	7.5
7338	Sanitary and domestic wares	15	7.5
7339	Steel wool, scouring pads, etc	20	10
7340	Other articles of iron or steel	15–20	7.5–10

[1] Based on CIF (cost, insurance, freight) values ex Japan.
[2] Subject to a tariff quota.
[3] Some alloys (tool steel, free-cutting steel, hollow drill steel) subject to quantitative import quotas.

Source: Japan Tariff Association.

TABLE 11.—UNITED STATES GENERAL IMPORTS OF MAJOR TEXTILE FIBER MANUFACTURES FROM JAPAN, 1965–67

[In millions of equivalent square yards]

	Cotton	Wool [1]	Manmade fiber	Total
1965	404.2	55.1	301.0	760.3
1966	412.0	58.2	445.0	915.2
1967	376.7	54.2	352.1	783.0
Change 1965 to 1967:				
Quantity	−27.5	−0.9	+51.1	+22.7
Percent	−6.8	−1.6	+17.0	+3.0
Change 1966 to 1967:				
Quantity	−35.3	−4.0	−92.9	−132.2
Percent	−8.6	−6.9	−20.9	−14.4

[1] Includes floor coverings.

Source: U.S. Department of Commerce.

UNITED STATES 1967 EXPORTS TO JAPAN

By Customs District of Shipment

This publication presents statistical data on United States exports to Japan of domestic merchandise during 1967. The figures are arranged according to Customs Districts of shipments, using the Standard International Trade Classification (SITC) system. This system classifies commodities into ten one-digit *sections*, with further subdivisions into two-digit *divisions* and three digit commodity *groups*.

This study is almost directly comparable to similar Council publications put out annually since 1963, listing exports by Customs District of shipment. Relatively minor changes in Customs District classification and a new regional grouping of districts, adopted in 1966, are the only differences. The commodity classification remains the same. Identical commodity comparisons cannot be made with the 1962 edition because of the change in the commodity code classification system made by the Census Bureau, effective in January of 1963.

The material upon which these reports are based is obtained by the United States-Japan Trade Council from the United States Bureau of the Census. The Council contracts with the Census Bureau for the raw data on computer tapes. A private programming firm, retained by the Council, programs the data into a unique, individualized tabulation offering more detailed and varied statistical information. The research staff of the Council then summarizes and prepares the data for publication.

All ports of entry and departure in the continental United States, Alaska, Hawaii, and Puerto Rico are grouped into forty-one (formerly forty-six) Customs Districts. The geographic extent of each is defined in the January 1, 1966 edition of "Schedule D-Code Classification of United States Customs Districts and Ports" published by the Census Bureau. Last year the Council abandoned the grouping of Districts by geographic area, as used in earlier publications, in favor of the new Census Bureau method of grouping Districts by Region. The changes incorporated in the reclassification were explained in the 1966 pamphlet.

Export figures for each District are not necessarily indicative of the place of origin of the merchandise, but represent the value of the merchandise at the seaport, border point or airport of exportation. As defined by the Census Bureau in its FT-450 and FT-455 reports, figures used herein represent the value at port of exportation, including selling price, inland freight, insurance, and other costs included in shipment to the port. Special category (military) shipments and reshipments of foreign merchandise are excluded.

A supplementary table on page 8 gives a comparison for the years 1966 and 1967 of total U.S. exports and U.S. exports to Japan by Customs District. Also shown is the percentage distribution among the districts of exports to Japan and to the world.

The data presented will lend itself most readily to geographic or commodity analysis. For example, export information for a specific area, e.g., Portland, Oregon, will be found in Region VIII, the San Francisco Region, as Customs District 29. All commodities will be listed down the column. If interested in a specific commodity, such as aircraft, the user can find SITC group 734 and read across the table to identify the ports of shipment.

UNTED STATES–JAPAN TRADE COUNCIL

1000 CONNECTICUT AVENUE, N.W., WASHINGTON, D.C.

Published by the UNITED STATES-JAPAN TRADE COUNCIL, INC., 1000 Connecticut Avenue, Washington, D.C. 20036, a non-profit trade association with a membership of over 700 firms in the United States interested in fostering trade relations between the two countries. Because a substantial contributing member, the Japan Trade Promotion Office, 111 Broadway, New York, New York, is financed from Japan, the Council is registered with the Department of Justice under the provisions of 22 U.S.C. Sec. 611 et seq. as an agent of such foreign principal. Copies of the Council's registration statement are available for public inspection in Department of Justice files. Registration does not indicate approval of the contents of this pamphlet by the United States Government.

UNITED STATES EXPORTS TO JAPAN BY CUSTOMS DISTRICT OF
(VALUE IN $1,000)

SITC Commodity Sections, Divisions & Groups / Customs Districts and Codes		GRAND TOTAL[1]	REGION I					REGION II	REGION III				REGION IV						
			Region I Total[2]	Boston, Mass. 04	Providence, R.I. 05	Bridgeport, Conn. 06	Ogdensburg, N.Y. 07	New York, N.Y. 10	Region III Total	Philadelphia, Penna. 11	Baltimore, Md. 13	Norfolk, Va. 14	Region IV Total	Wilmington, N.C. 15	Charleston, S.C. 16	Savannah, Ga. 17	Tampa, Fla. 18	San Juan, P.R. 49	Miami, Fla. 52
	GRAND TOTAL[1]	2,664,882	35,101	23,395	4,047	7,476	65	453,414	226,656	50,223	27,816	148,617	74,928	22,357	9,341	10,497	28,553	305	3,875
0	FOOD & LIVE ANIMALS	459,612	105	104			1	5,850	2,043	595	862	586	2,548	348	1,481	478	182		59
00	001 Live Animals	4,287						1,039	18	12	6								
01	Meat and Meat Preparations	4,055	1	1				390	198	26	14	158	815	47	668	100			
	011 Meat, fresh, chilled, or frozen	3,600	1	1				375	198	26	14	158	811	47	664	100			
	012 Meat, dried, salted, or smoked	17						2											
	013 Meat & meat preparations, n.e.s.	449						12					4		4				
02	Dairy Products & Eggs	1,415						120											
	022 Milk & cream	818						117											
	023 Butter and anhydrous milkfat	261																	
	024 Cheese & curd	324						1											
	025 Eggs	11						1											
03	Fish & Fish Preparations	11,604	16	16				1,091					47						47
	031 Fish, fresh	7,767	16	16				1,003					47						47
	032 Fish & fish preparations, n.e.s.	3,837						88											
04	Cereals & Cereal Preparations	378,296	32	32				354	252	34	62	156							
	041 Wheat, unmilled	140,804																	
	042 Rice	15,525																	
	043 Barley, unmilled	9,028							11	11									
	044 Corn, unmilled	91,725	32	32				293	156			156							
	045 Cereals, unmilled, other	120,704																	
	046 Meal & flour of wheat	13																	
	047 Meal & flour of cereals, other	24																	
	048 Cereal flour, starch preparations, other	470						60	84	22	62								
05	Fruit & Vegetables	25,149	24	24				410	206		56	150	172				170		2
	051 Fruit, fresh, & nuts	13,028	22	22				1	13			13							
	052 Dried fruit	5,823																	
	053 Fruit, preserved	2,253	1	1				30	50		1	49	172				170		2
	054 Vegetables, fresh or frozen	3,556						354	141		53	88							
	055 Vegetables, preserved or prepared	457						24	1		1								
06	Sugar & Honey	1,499	3	3				290	24	23	1		19				11		8
	061 Sugar & honey	1,098						186					19				11		8
	062 Sugar preparations, other	400	3	3				103	24	23	1								
07	Coffee, Tea, Cocoa & Spices	2,905	5	4			1	517	97	33	64								
	071 Coffee	2,045						338											
	072 Cocoa	60						6											
	073 Chocolate & preparations, n.e.s.	564	5	4			1	50	33	33									
	074 Tea & mate	34						33											
	075 Spices	180						88	64		64								
08	081 Feeding-Stuff for Animals	21,920	20	20				208	645	15	630		1,488	300	812	376			
09	Miscellaneous Food Preparations	8,457						1,436	593	448	26	119							
	091 Lard, margarine & shortening	5,717						586	442	442									
	099 Food preparations, n.e.s.	2,749						849	150	5	26	119							
1	BEVERAGES & TOBACCO	27,679						810	5,577		1	5,576	19,307	19,307					
11	Beverages	141						69	1		1								
	111 Non-alcoholic beverages, n.e.s.	37						32											
	112 Alcoholic beverages	104						37	1		1								
12	Tobacco & Manufactures	27,538						740	5,576			5,576	19,307	19,307					
	121 Tobacco, unmanufactured	24,470							5,144			5,144	19,307	19,307					
	122 Tobacco manufactures	3,067						740	431			431							
2	CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	900,824	27,571	15,952	4,047	7,476	7	64,143	33,422	15,145	9,452	8,825	40,551	2,190	4,339	5,286	25,883	64	2,789
21	Hides, Skins, & Furs, Undressed	47,332	18	6				3,768	404	263		141	302		114	184	4		
	211 Hides & skins, undressed	41,551	18	6				3,053	404	263		141	302		114	184	4		
	212 Furskins, undressed	780						714											
22	221 Oil-Seeds	188,038						2,056	3,316	120	2,075	1,121	6	6					
23	231 Crude Rubber (Including Synthetic)	21,693	1	1				2,687	5,214	634	1,303	3,277	53		53				
24	Wood, Lumber, & Cork	166,854						1,002	446		364	82	66	21		2	43		
	242 Wood, rough	147,989						38	400		357	43	61	21		40			
	243 Wood, shaped	18,864						964	44		6	38	5			3			
	244 Cork																		
25	251 Pulp & Waste Paper	53,626	35	13				4	18		1	17	3,057		195	603	2,216		43
26	Textile Fibers & Waste	119,699	10	10				351	812	513	5	294	1,634		1,510	95			29
	261 Silk	16	6	6				4	5	5									
	262 Wool & animal hair	588	2	2				126	8	8									
	263 Cotton	117,630						10	7			7	1,601		1,477	95			29
	265 Vegetable fibers, excluding cotton	1																	
	266 Synthetic fibers	910	1	1				156	609	346	4	259	31		31				
	267 Waste materials	551						51	179	152		27	1		1				
27	Crude Fertilizers & Crude Minerals	30,553	151	92			4	3,212	306	39	152	105	21,493		347	2,824	18,322		
	271 Fertilizers, crude	18,435	24	24				35	43		43		18,330			8	18,322		
	273 Stone, sand, & gravel	217						80	55		55		5		2	3			
	274 Sulphur & unroasted iron pyrites	5						4											

See Page 8 for notes

SHIPMENT AND SITC SECTION, DIVISION, AND GROUP, 1967

REGION V			REGION VI						REGION VII			REGION VIII					REGION IX						
Region V Total	Mobile, Ala. 19	New Orleans, La. 20	Region VI Total	Port Arthur, Texas 21	Galveston, Texas 22	Laredo, Texas 23	El Paso, Texas 24	Houston, Texas 53	Region VII Total	San Diego, Calif. 25	Los Angeles, Calif. 27	Region VIII Total	San Francisco, Calif. 28	Portland, Ore. 29	Seattle, Wash. 30	Juneau, Alaska 31	Honolulu, Hawaii 32	Region IX Total	Minneapolis, Minn. 35	Duluth, Minn. 36	Milwaukee, Wisc. 37	Detroit, Mich. 38	Chicago, Ill. 39	Cleveland, Ohio 41
330,177	54,564	275,613	235,025	19,596	112,242	5,095	77	98,015	343,704	29,949	313,755	850,766	414,397	220,111	167,668	41,553	7,037	85,641	6,734	1,431	5,577	12,855	22,353	28,238
109,316	29,141	80,175	63,215	763	35,817	3,926		22,709	48,691	2,750	45,941	223,008	61,662	127,245	30,433	2,845	823	4,813	166	46	2,619	790	1,155	32
									44		44	2,446	2,301		144	1		735	164				571	
718	2	716	66		52			14	825		825	991	851	3	136		1	54			8		46	
718	2	716	62		52			10	825		825	556	536	3	16		1	46					46	
			3					3				14 419	13 301		1 118			8			8			
									5		5	1,252	998	248	6			34					34	
									5		5	663 261 318 9	409 261 318 9	248	6			34					34	
270		270	813		10			803	2,453		2,453	6,907	287	144	3,633	2,843		1					1	
126 144		126 144	813		10			803	2,411 41		2,411 41	3,346 3,560	272 14	144	1,824 1,809	1,250 1,593		1					1	
104,478	28,591	75,887	61,676	763	35,649	3,926		21,338	32,902	220	32,682	178,218	29,632	125,803	22,783			376				1	375	
5,082	5,082		14					14	54		54	140,745 10,427	224 10,427	117,909	22,616									
88,740 10,650	17,350 6,158	71,390 4,492	77 61,582	763	77 35,572	3,926		21,321	32 32,795	220	32 32,575	9,016 2,016 15,674	1,265 1,878 15,674	7,751 135	3			375					375	
2 1		2 1	2					2	3 16		3 16	7 18 306	7 18 142	7	164			1			1			
8		8	10					10	4,728	40	4,688	19,173	16,150	710	1,799		514	406			5	369		32
									4,518 40	40	4,478 40	8,470 5,782	8,307 5,782		34		129							
7 1		7 1	10					10	114 22 34		114 22 34	1,877 2,647 393	1,434 287 338	43 645 22	18 1,714 33		382 1	5 401			5	369		32
132		132							94	14	80	653	373	148			132	277			207		70	
119 12		119 12							79 14	14	65 14	412 241	132 241	148			132	277			207		70	
			132					132	42		42	2,102	2,000		46		56	4	2				2	
			132					132	13		13	1,555	1,498		2		55	3	2				1	
									28		28	74 444	74 401		43			1					1	
1,441	547	894	515		105			410	7,507	2,475	5,032	24 10,087	24 8,071	157	1,856		3							
2,264		2,264							85		85	1,162	994	27	27		114	2,920		46	2,397	419	57	
1,748 516		1,748 516							2 82		2 82	76 1,086	75 919	27	1 26		114	2,860 59		46	2,395 1	419	57	
18		18							1		1	1,943	1,938		4		1	19					9	10
												53	48		4		1	14					4	10
												3 49	47		3 1		1	14					4	10
18		18							1		1	1,889	1,889					4					4	
18		18							1		1	1,889	1,889					4					4	
171,875	22,757	149,118	105,135	4,277	62,442	1,166		37,250	123,536	19,008	104,528	282,929	67,189	69,487	105,321	38,285	2,647	51,644		1,310	2,718	9,380	11,508	26,693
205		205	1,889		19			1,870	17,468	1,166	16,302	17,861	12,250	2,847	2,258		506	408			36	171	199	
205		205	1,889		19			1,870	17,468	1,166	16,302	17,797 63	12,203 47	2,846	2,242 16		506	406 1			36	171	199	
139,575	15,095	124,480	43					43	1,360		1,360	9,127	9,124	3				32,550					7,102	25,448
1,029		1,029	12,430	2,507	588			9,335	232		232	23	19		4			18				17	1	
1,084	138	946	47		10			37	53		53	164,148	9,103	52,514	86,946	15,552	33							
467 617	4 134	463 483	47		10			37	51 2		51 2	146,918 17,227	7,750 1,352	49,540 2,973	86,714 231	2,914 12,638	33							
2,299	945	1,354	118		2			116	1,123	38	1,085	46,961	4,570	8,210	11,243	22,663	275							
9,955	1,162	8,793	79,491	81	61,674	1,125		16,611	25,339	12,854	12,485	2,049	1,974	3	65		7	47			5	10	31	
9,852	1,086	8,766	401 79,047	81	61,673	1,125		401 16,168	1 25,178	12,854	1 12,324	15 1,929	3 1,929	3	9			28			5		23	
102	75	27	40		1			39	2 156		2 156	102	40		55		7	3 14				10	3 4	
275	188	87	49		21			28	1,709		1,709	3,296	3,108	29	159			50					26	
18		18	9					9	17		17	3 27	3 16		11									

Page 4

UNITED STATES EXPORTS TO JAPAN BY CUSTOMS DISTRICT OF SHIPMENT

(VALUE IN $1,000)

SITC Commodity Sections, Divisions & Groups / Customs Districts and Codes			GRAND TOTAL[1]	REGION I					REGION II	REGION III				REGION IV						
				Region I Total[2]	Boston, Mass. 04	Providence, R.I. 05	Bridgeport, Conn. 06	Ogdensburg, N.Y. 07	New York, N.Y. 10	Region III Total	Philadelphia, Penna. 11	Baltimore, Md. 13	Norfolk, Va. 14	Region IV Total	Wilmington, N.C. 15	Charleston, S.C. 16	Savannah, Ga. 17	Tampa, Fla. 18	San Juan, P.R. 49	Miami, Fla. 52
	275	Natural abrasives, industrial diamonds	3,921						2,717											
	276	Other crude minerals	7,970	126	67			4	372	207	39	63	105	3,157		345	2,812			
28		Metal Ores & Scrap	259,779	27,349	15,826	4,047	7,476		49,525	22,875	13,555	5,535	3,785	13,872	2,157	2,073	1,575	5,290	63	2,714
	281	Iron ore & concentrates	42,178																	
	282	Iron & steel scrap	174,075	25,990	14,487	4,027	7,476		39,197	17,851	10,954	3,188	3,709	8,945	1,398	568	1,215	3,867		1,897
	283	Ores & concentrates of non-ferrous base metals	16,425						3,707	292	99	193		12		12				
	284	Non-ferrous metal scrap	37,095	1,359	1,339	20			6,621	4,728	2,500	2,152	76	4,910	758	1,492	359	1,422	63	816
29		Crude Animal & Vegetable Materials, n.e.s.	8,245	2				2	1,535	20	18	2		59	5	45		7		2
	291	Crude animal materials, n.e.s.	4,299						506					52	5	45				2
	292	Crude vegetable materials, n.e.s.	3,945	2				2	1,028	20	18	2		7				7		
3		MINERAL FUELS, LUBRICANTS, & RELATED MATERIALS	207,939	36	35				5,356	135,620	4,721	3,558	127,341	5		2	2	1		
32	321	Coal, Coke, & Briquettes	131,136							130,474	77	3,057	127,340							
33		Petroleum & Petroleum Products	76,729	33	33				5,354	5,145	4,644	501		5		2	2	1		
	331	Petroleum, crude & partly refined	1,392																	
	332	Petroleum products	75,336	33	33				5,354	5,145	4,644	501		5		2	2	1		
34	341	Gas, Natural & Manufactured	73	2	2															
4		ANIMAL & VEGETABLE OILS & FATS	37,112	17	17				3,541	882	834		48	264	10		128	47		79
41	411	Animal Oils & Fats	34,280	7	7				1,731	870	833		37	126				47		79
42		Fixed Vegetable Oils & Fats	333						83	1	1									
	421	Fixed vegetable oils, soft	193						1	1										
	422	Other fixed vegetable oils	140						83											
43	431	Animal & Vegetable Oils & Fats, Processed	2,497	8	8				1,726	10			10	138	10		128			
5		CHEMICALS	226,853	727	703			12	63,039	25,520	15,850	6,369	3,301	7,524	220	1,591	3,219	2,005	224	265
51		Chemical Elements & Compounds	83,565	415	407			8	20,280	11,015	6,882	2,304	1,829	1,251	216	720	212	83	20	
	512	Organic chemicals	64,935	174	174				15,163	10,080	6,527	2,225	1,328	998	126	615	210	27	20	
	513	Elements, oxides, & halogen salts	8,341	221	221				1,713	545	258	67	220	130	2	73		55		
	514	Other inorganic chemicals	8,479	19	11			8	3,318	388	97	11	280	119	87	31	1			
	515	Radioactive & associated materials	1,759						84											
52	521	Mineral Tar & Crude Hydrocarbons	12,277						57	17	17			383		180		203		
53		Dyeing, Tanning, & Coloring Materials, n.e.s.	9,321	7	7				5,619	619	540	13	66	4	4					
	531	Synthetic organic dyestuffs, natural indigo	2,047	1	1				1,457	452	430		22							
	532	Dyeing & tanning extracts	195	4	4				83	71	71									
	533	Pigments, paints, varnishes, etc.	7,077	1	1				4,078	94	39	12	43	4	4					
54	541	Medicinal & Pharmaceutical Products	15,551						6,849	59	27	30	2	176						176
55		Essential Oils, Perfume Materials; Preparations	12,401	91	91				6,170	731	538	193		56				56		
	551	Essential oils, perfume materials	6,114						3,169					48				48		
	553	Perfumery & cosmetics, other preparations	1,382						882	19	2	17								
	554	Soaps & cleansing preparations	4,905	91	91				2,118	709	535	174		7				7		
56	561	Fertilizers, Manufactured	15,003						79	198			198	1,275		3		1,272		
57	571	Explosives & Pyrotechnic Products	304						212											
58	581	Plastic Materials & Artificial Resins	31,934	142	142				15,167	5,764	2,417	2,253	1,094	3		3				
59	599	Chemical Materials & Products, n.e.s.	45,504	69	54			3	8,603	7,110	5,426	1,574	110	4,372		685	3,006	593		88
6		MANUFACTURED GOODS, CLASSIFIED CHIEFLY BY MATERIAL	140,919	1,617	1,607			10	58,601	8,779	3,238	4,294	1,247	3,040	230	1,689	985	68		68
61		Leather Manufactures, n.e.s. & Dressed Furs	1,391	16	15				1,175	34	5		29	8				8		
	611	Leather	1,184	16	16				1,027	5	5			8				8		
	612	Manufactures of leather, artificial or reconstituted	17						1	1			1							
	613	Furskins, tanned or dressed	189						146	28			28							
62		Rubber Manufactures, n.e.s.	1,532	5	5				576	115	12	27	76	23				22		1
	621	Materials of rubber	591	2	2				271	100	2	27	71	3				3		
	629	Articles of rubber, n.e.s.	941	2	2				304	13	9		4	20				19		1
63		Wood & Cork Manufactures, Excluding Furniture	14,776	3	3				76	598		598		16		16				
	631	Veneers, plywood boards, etc., n.e.s.	14,061						53	588		588		10		10				
	632	Wood manufactures, n.e.s.	699						11	9		9		6		6				
	633	Cork manufactures	15	3	3				11											
64		Paper, Paperboard & Manufactures	8,402	121	121				2,796	191	130	34	27	159		22	137			
	641	Paper & paperboard	6,750	80	80				2,281	102	41	34	27	95		22	73			
	642	Articles of pulp, paper, or paperboard	1,651	40	40				514	88	88			63			63			
65		Textile Yarn, Fabrics & Articles	9,433	205	205				4,294	1,020	93	203	724	2,015	41	1,340	594			40
	651	Textile yarn & thread	2,143	33	33				1,226	127	65	15	47	192		172	12			8
	652	Cotton fabrics, woven	2,639						291	758		187	571	1,600	6	1,021	573			
	653	Textile fabrics, woven, except cotton fab.	1,754	4	4				1,250	16	9	1	6	170		139	5			26
	654	Tulle, lace, findings, etc.	234	17	17				52											
	655	Special textile fabrics, related products	1,554	144	144				666	12	6		6	6		2				4
	656	Made-up articles, textile, n.e.s.	638	5	5				240	92			92	39	35	4				
	657	Floor coverings, tapestries, etc.	268						57	12	12			1			1			
66		Non-Metallic Mineral Manufactures, n.e.s	19,732	418	418				15,345	633	247	340	46	165		28	128			9
	661	Lime, cement & fabricated building material	270						50	36	10	26		7						7
	662	Clay & refractory construction material	1,350	105	105				700	287	31	256								

See Page 8 for notes

AND SITC SECTION, DIVISION, AND GROUP, 1967 (Continued)

REGION V			REGION VI						REGION VII			REGION VIII					REGION IX						
Region V Total	Mobile, Ala. 19	New Orleans, La. 20	Region VI Total	Port Arthur, Texas 21	Galves-ton, Texas 22	Laredo, Texas 23	El Paso, Texas 24	Hous-ton, Texas 53	Region VII Total	San Diego, Calif. 25	Los Angeles, Calif. 27	Region VIII Total	San Francisco, Calif. 28	Portland, Ore. 29	Seattle, Wash. 30	Juneau, Alaska 31	Hono-lulu, Hawaii 32	Region IX Total	Min-neapolis, Minn. 35	Duluth, Minn. 36	Mil-waukee, Wisc. 37	Detroit, Mich. 38	Chicago, Ill. 39	Cleve-land, Ohio 41
53	10	43	35		20			15	717		717	375	375					20						
204	178	26	2					2	973		973	2,888	2,712	29	147			29					26	
14,009	3,250	10,759	10,965	1,688	124	38		9,115	75,771	4,941	70,830	36,940	26,145	4,451	4,479	69	1,796	18,459		1,310	2,662	9,145	4,114	1,228
11,796	2,265	9,531	4,486	1 609	60	38		2,779	37,351		37,351	4,827	4,827											
189		189	637		8			629	23,409	3,010	20,399	24,796	18,836	2,383	2,706		871	17,590		1,310	2,597	9,080	3,524	1,079
2,024	985	1,039	5,840	79	55			5,706	11,313	1,782	9,531	216	15	114	18	69		57					57	
									3,697	148	3,549	7,097	2,465	1,953	1,754		925	809			64	65	532	148
3,436	1,975	1,461	95			2		93	475	6	469	2,509	893	1,425	163		28	103			14	35	32	15
3,423	1,975	1,448							54		54	228	111	1	116			29					29	
12		12	95			2		93	421	6	415	2,278	781	1,424	46		27	73			14	35	3	15
13,349	2	13,347	16,452	9,218	20			7,214	26,382	4	26,378	10,313	10,212	62	5		34	412	8			31	22	345
2	2								389		389							268						268
13,347		13,347	16,383	9,218	20			7,145	25,992	4	25,988	10,313	10,212	62	5		34	143	8			31	22	76
13,347		13,347	16,383	9,218	20			7,145	755		755	637	637											
									25,237	4	25,233	9,675	9,574	62	5		34	143	8			31	22	76
			68					68																
385	134	251	311					311	15,022	1,281	13,741	16,584	14,219	1,507	854		4	97				40	57	
200		200	245					245	14,670	1,281	13,389	16,341	13,977	1,507	853		4	82				25	57	
									184		184	63	63											
									183		183	8	8											
									1		1	55	55											
185	134	51	66					66	167		167	179	179					14				14		
19,636	2,056	17,580	39,784	5,336	13,447			21,001	32,194	5,693	26,501	34,398	31,660	1,070	1,616	3	49	4,026	13	17	46	1,805	1,158	470
5,194	3	5,191	26,572	4,844	11,646			10,082	8,932		8,932	8,497	7,926	67	464	1	39	1,393		2	19	588	533	154
4,349	2	4,347	23,889	4,838	11,591			7,460	4,757		4,757	4,574	4,332	2	201	1	38	986			7	583	170	153
663		663	1,725		54			1,671	1,124		1,124	2,146	1,834	49	263			63			4		50	
168	1	167	956	6				950	3,043		3,043	299	284	15				161			12		138	
13		13							7		7	1,474	1,474					176		2			172	
885		885	2,766	460	517			1,789	1,677		1,677	6,488	6,488											
23		23	37					37	1,945		1,945	1,010	980	17	13			48			1	3	6	2
1		1							28		28	100	100					3					1	
												33	32		1			1						
21		21	37					37	1,917		1,917	876	847	17	12			41			1	2	4	2
60		60	5					5	474		474	7,286	7,286					638	2	14		63	335	
163		163	63					63	1,158		1,158	3,749	2,321	692	734		2	212			6	90	51	
									613		613	2,187	786	691	710			92					41	
			26					26	94		352	352	352				2	3				3		
163		163	36					36	450		450	1,207	1,184		23			114			6	86	9	
183		183							13,262	5,655	7,607	1	1											
									61		61	25	24		1			4						
742		742	5,962		1,264			4,698	1,184	22	1,162	2,054	2,021	32	1			907	8			619	21	254
12,381	2,051	10,330	4,373	30	19			4,324	3,492	14	3,478	5,278	4,609	261	401	1	6	813	2		19	440	210	59
10,275	134	10,141	1,720		485	1		1,234	7,790	112	7,678	47,346	12,287	16,619	18,336	16	88	1,736	23	4	135	94	699	145
4		4	9					9	25		25	103	97	5	1			11						
									22		22	94	90	4				8						
			9					9	2		2	3	3											
4		4										5	3	1	1			2						
5		5	71					71	238		238	475	413	5	5	12	40	17					2	4
4		4	64					64	77		77	62	60		2			1					1	
			6					6	160		160	412	353	5	2	12	40	16					1	4
133		133							31		31	13,911	916	12,985	8		2	3						3
24		24							6		6	13,374	385	12,984	5			3						3
109		109							25		25	534	530		3		1							
1,086	99	987	4					4	225		225	3,777	3,100	576	101			33	7				21	
946	99	847	3					3	61		61	3,158	2,572	489	97			14					12	
140		140							164		164	617	527	87	3			17	6				9	
206	3	203	21					21	872		872	630	560	57	7		6	157	3				130	2
21		21							18		18	13	13					6						
127		127	19					19	7		7	31	30	1				1					1	
									22		22	273	219	54				3					1	1
									62		62	93	87					6						
1		1							590		590	119	110		6		3	7						
55	2	53	1					1	17		17	55	54	1				128	3				125	
									154		154	41	39				2							
208	18	190	66		13			53	645	109	535	1,800	1,724	54	22			441					60	
3		3							160		160	11	11											
127	7	120	50		13			37	6		6	78	78					1					1	

Page 6

UNITED STATES EXPORTS TO JAPAN BY CUSTOMS DISTRICT OF SHIPMENT

(VALUE IN $1,000)

SITC Commodity Sections, Divisions & Groups / Customs Districts and Codes			GRAND TOTAL[1]	REGION I					REGION II	REGION III				REGION IV					
				Region I Total[2]	Boston, Mass. 04	Providence, R.I. 05	Bridgeport, Conn. 06	Ogdensburg, N.Y. 07	New York, N.Y. 12	Region III Total	Philadelphia, Penna. 11	Baltimore, Md. 13	Norfolk, Va. 14	Region IV Total	Wilmington, N.C. 15	Charleston, S.C. 16	Savannah, Ga. 17	Tampa, Fla. 18	San Juan, P.R. 49	Miami, Fla. 52
	663	Mineral manufactures, n.e.s.	2,658	114	114				950	64	19	39	7	123			121			2
	664	Glass	2,976	199	199				1,975	184	127	19	38	34		28	6			
	665	Glassware	1,065						828	57	57									
	666	Pottery	21						12											
	667	Pearls & precious stones	12,027						10,827											
67		**Iron & Steel**	8,859						5,676	626	173	444	9	6			6			
	671	Pig iron, sponge iron, ferroalloys, etc.	1,719						1,308	201	95	106								
	672	Ingots & other primary forms	501						5											
	673	Bars, rods, angles, shapes, & sections	1,109						915	65	35	30								
	674	Universals, plates, & sheets	263						102	22	1	21								
	675	Hoop & strip	757						625	20		20								
	676	Railway construction material	41						29	1	1									
	677	Iron & steel wire, excluding wire rod	91						37	2		2		6			6			
	678	Tubes, pipes, & fittings	2,050						479	305	38	258	9							
	679	Castings & forgings, unworked, n.e.s.	2,323						2,171	4		4								
68		**Non-Ferrous Metals**	65,422	274	264			10	24,192	4,819	2,164	2,354	301	472	189	281				2
	681	Silver & platinum	4,520	12	12				4,263	1			1							
	682	Copper	31,966	36	26			10	15,618	1,604	892	712								
	683	Nickel	5,274	201	201				2,447	2,267	1,209	826	232							
	684	Aluminum	20,397	1	1				1,076	630	43	524	63	471	189	281				1
	685	Lead	492	14	14				9											
	686	Zinc	2						2											
	687	Tin	2						1											
	689	Miscellaneous non-ferrous base metals	2,853	6	6				780	310	18	289	3	1						1
69		**Manufactures of Metal, n.e.s.**	11,358	571	571				4,466	733	411	290	32	166			117	35		14
	691	Finished structural parts & structures, n.e.s.	723	40	40				176	34	28	6		14						14
	692	Metal containers	609						87	5	4	1								
	693	Wire products & fencing grills	258						51	72	65	6	1							
	694	Nails, screws, nuts, bolts, etc.	739	148	148				112	276	212	63	1							
	695	Tools	3,739	15	15				1,757	125	57	64	4	21			5	16		
	696	Cutlery	715	326	326				237											
	697	Household equipment of base metals	768	31	31				215	10	3	7		111			111			
	698	Manufactures of metal, n.e.s.	3,753	9	9				1,836	204	38	142	24	19				19		
7		**MACHINERY & TRANSPORT EQUIPMENT**	501,547	4,251	4,222			15	182,236	12,550	8,448	2,533	1,569	1,391	48	153	284	311		595
71		**Machinery, Non-Electric**	304,711	3,123	3,123				128,779	6,776	3,740	1,660	1,376	681	42	152	264	115		108
	711	Power generating machinery	52,852	726	726				21,439	1,480	1,127	230	123	22			10	12		
	712	Agricultural machinery & implements	12,679	20	20				1,169	700	453	8	239	63			31	32		
	714	Office machines	78,493	93	93				31,394	551	64	479	8	31	31					
	715	Metalworking machinery	27,935	36	36				22,489	263	58	79	126	7		7				
	717	Textile & leather machinery	10,756	453	453				6,596	794	729	15	50	116	10	87	18			1
	718	Machines for special industries	19,083	233	233				5,765	328	185	16	127	98		49	40	9		
	719	Machinery & appliances & machine parts, n.e.s.	102,861	1,560	1,560				39,924	2,656	1,122	832	702	334		6	162	61		105
72		**Electric Machinery, Apparatus, & Appliances**	107,807	1,011	982			15	35,061	5,323	4,380	767	176	326	1	1	20	99		205
	722	Electric power machinery & switchgear	23,125	519	508				7,597	3,914	3,826	2	86	218	1		8	19		190
	723	Equipment for distributing electricity	955						543	61	13	47	1	4			1	3		11
	724	Telecommunications apparatus	21,420	44	42				9,625	103	97	3	3	11				1		
	725	Domestic electrical equipment	1,337						593	19		1	18	1				29		
	726	Electro-medical & radiological apparatus	1,726	9	9				749					29			9	46		2
	729	Other electrical machinery & apparatus	59,201	435	421			15	16,953	1,218	441	711	66	57						
73		**Transport Equipment**	89,028	115	115				17,395	447	327	105	15	382	3			97		282
	731	Railway vehicles	471						268											
	732	Road motor vehicles	17,552	115	115				6,933	431	326	104	1	12	3			6		3
	733	Vehicles, other	172						3											
	734	Aircraft	70,575						10,161	14			14	367				88		279
	735	Ships and boats	301						22					1				1		
8		**MISCELLANEOUS MANUFACTURED ARTICLES**	128,087	770	752			18	69,509	2,232	1,376	735	121	275		80	112	51	16	16
81	812	**Building Fixtures**	1,809						1,265	29	25	3	1	4				4		
82	821	**Furniture**	424	1	1				150	7	6		1	5		2		3		
83	831	**Travel Goods, Handbags, Etc.**	747	1	1				389	12	3	8	1	3						3
84		**Clothing**	2,143						749	73	43		30	27		6	1		14	6
	841	Clothing, except fur clothing	2,132						741	72	43		29	27		6	1		14	6
	842	Fur clothing	11						8											
85	851	**Footwear**	203	95	95				31											
86		**Precision Instrument & Goods**	60,308	246	239			7	33,925	648	458	117	73	54		10	3	41		
	861	Scientific, medical, optical, etc., inst.	39,222	215	208			7	15,481	616	446	117	53	53		10	3	40		
	862	Photographic & cinematographic supplies	18,083						17,301	28	9		19							
	863	Developed cinematographic film	1,562						431											
	864	Watches & clocks	1,439	31	31				711	3	3			1				1		
89		**Miscellaneous Manufactured Articles, n.e.s.**	62,451	425	414			11	32,997	1,457	839	605	13	176		60	108		2	6
	891	Musical instruments, sound recorders, parts	16,520	187	178			9	4,616	101	87	14		31		17	10			4
	892	Printed matter	20,491	65	64			2	17,044	689	607	81	1	8		8				
	893	Articles of plastic, n.e.s.	2,853	23	23				1,229	97	32	64	1	39		28	9		2	
	894	Toys, games, sporting goods, etc.	14,906	127	127				6,766	543	108	435		94		5	89			
	895	Office & stationery supplies, n.e.s.	2,643	1	1				772	1			1							
	896	Works of art, antiques, etc.	492	3	3				249	1		1								
	897	Jewelry	1,279	13	13				1,012	4			4							
	899	Manufactured articles, n.e.s.	3,255						1,305	11		7	4							
9		**COMMODITIES & TRANSACTIONS NOT CLASSIFIED ACCORDING TO KIND**	4,844	1	1				316	18	10	8		1		1				
93	931	**Special Transactions Not Classified By Kind**	4,572	1	1				293	16	8	8		1		1				
94	941	**Animals, "n.e.s.—Live," Including Zoo Animals**	271						22	2	2									

See Page 8 for notes

AND SITC SECTION, DIVISION, AND GROUP, 1967 (Continued)

REGION V			REGION VI						REGION VII			REGION VIII						REGION IX						
Region V Total	Mobile, Ala. 19	New Orleans, La. 20	Region VI Total	Port Arthur, Texas 21	Galveston, Texas 22	Laredo, Texas 23	El Paso, Texas 24	Houston, Texas 53	Region VII Total	San Diego, Calif. 25	Los Angeles, Calif. 27	Region VIII Total	San Francisco, Calif. 28	Portland, Ore. 29	Seattle, Wash. 30	Juneau, Alaska 31	Honolulu, Hawaii 32	Region IX Total	Minneapolis, Minn. 35	Duluth, Minn. 36	Milwaukee, Wisc. 37	Detroit, Mich. 38	Chicago, Ill. 39	Cleveland, Ohio 41
30	11	19	7					7	118		118	574	568		6			70					44	
46		46							177	109	68	305	250	53	2			1						
									89		89	72	72					16					4	
			1					1				5	5											
			6					6	92		92	749	737		12			348					8	
65	7	58	615		137			478	581		581	1,137	1,010	84	13		30	141	6		77	15	25	13
46		46										84	2	82				77			77			
			408					408				86	86											
			29					29	53		53	39	29		10			4					4	
									101		101	22	18				4	12				12		
									6		6	101	101					2						2
												9	9											
6	6		1					1	11		11	13	13					10					10	
5	1	6	176		137			39	398		398	642	613	2	2		25	34	6			3	10	10
		5							7			135	135											
8,374	3	8,371	670		334			336	3,895		3,895	22,286	1,594	2,800	17,890		2	428			43	11	249	95
5,423	3	5,420	203					203	1,748		1,748	242	242					201			43		87	70
			5					5	174		174	7,126	86	136	6,904			2						
2,912		2,912	408		334			74	1,333		1,333	174	78		96			21					4	
									4		4	13,447	405	2,625	10,417									
												466	9		457									
39		39	52					52	634		634	825	772	37	14		2	202				11	157	25
185		185	259					259	1,274	2	1,272	3,210	2,869	48	285	3	5	490	5	4	14	66	208	26
1		1	80					80	144		144	211	204		6	1		16			6		7	3
161		161	20					20	240		240	93	89	4				2				2		
			2					2	72		72	57	57											
3		3							57		57	183	162	11	9	1		13					3	10
			87					87	289		289	1,149	1,097	4	45		2	285	3	4	7	62	105	6
									5		5	141	91	5	50			4						
14		14	56					56	28		28	286	281					9					5	4
4		4	11					11	435	2	433	1,080	885	22	172		1	152	2		1		86	1
4,324	300	4,024	7,741		24		77	7,640	74,639	1,056	73,583	199,014	182,218	3,558	10,356	73	2,809	15,385	6,246	45	49	672	6,056	366
2,280	67	2,213	5,657		1		77	5,579	35,263	915	34,348	113,273	107,674	1,752	2,764	22	1,061	8,865	5,527	13	41	584	1,776	271
397		397	378				77	301	11,566		11,566	14,317	12,336		987	15	979	2,517	2,103	9	21		209	113
250	5	245	184					184	135	19	116	10,119	9,891		220		8	28			15		9	1
28		28	99					99	6,845	884	5,961	35,870	35,793		76		1	3,563	3,358			1	164	
34		34	7					7	2,055	6	2,049	2,696	2,685	8			3	391				344	30	7
140	7	133	67					67	210		210	2,229	2,040	64	125			149			1	3	12	
96	10	86	1,739		1			1,738	2,635		2,635	7,717	7,346	176	194		1	464	24	1		2	305	57
1,332	44	1,288	3,179					3,179	11,814	6	11,808	40,315	37,580	1,503	1,160	6	66	1,737	40	2	3	232	1,044	90
189	99	90	954		23			931	13,460	139	13,321	44,700	41,125	1,702	845	34	994	5,767	572	30	5	29	3,899	79
15		15	89					89	2,092		2,092	6,792	6,473	138	113	7	61	1,877	22	18		1	1,555	20
									106		106	256	233	20	3			8				4	2	
10		10	86		23			63	3,607	27	3,580	6,684	5,853		301	10	520	1,249	282	8			804	5
2		2	2					2	316		316	382	379				3	13				7	6	
			3					3	278		278	520	507	4	9			134	2				59	
161	99	62	773					773	7,058	111	6,947	30,055	27,677	1,537	417	16	408	2,476	265	3	5	15	1,470	52
1,854	133	1,721	1,129					1,129	25,913		25,913	41,036	33,418	103	6,746	16	753	743	146	1	1	57	379	15
												201	201					1						
141	11	130	2					2	1,458		1,458	8,193	7,939	50	191	5	8	206			1	35	124	8
37	37								82		82	28	18	28										
1,587		1,587	1,121					1,121	24,350		24,350	32,517	25,185	24	6,554	10	744	448	146	1		22	254	7
88	85	3	5					5	22		22	74	74					85						
992	37	955	655		3			652	15,224	41	15,183	34,471	32,292	560	724	326	569	3,944	270	7	6	39	1,654	172
20		20							156		156	330	327	1	2									
32		32	2					2	81		81	139	119	17	1		2							
									1		1	302	299		2	1		32	12				5	
16	6	10							133		133	892	882	5			5	246					2	
16	6	10							132		132	892	882	5			5	245					2	
6		6										64	64					1						
79		79	510		3			507	8,636	28	8,608	14,141	12,734	387	308	317	395	2,055	228	5		22	978	125
55		55	492					492	7,265	28	7,237	13,091	11,702	387	294	317	391	1,943	228	5		14	931	123
24		24	18		3			15	80		80	920	571		6			48					24	1
									1,030		1,030	67	62		4		1	31				8	6	
									258		258	401	397		3		1	29					15	
835	30	805	141					141	6,215	13	6,202	18,591	17,864	147	409	6	165	1,600	27	2	6	16	666	46
61		61	37					37	3,197	8	3,189	7,665	7,463	121	40		41	613			6		245	8
10	1	9	2					2	619	2	617	1,688	1,638	17	31	1	1	353	8			3	265	
15	13	2	33					33	341		997	971	971	7	19			74	13				9	3
740	15	725	31					31	1,501	2	1,499	4,987	4,855	1	113		17	105				1	66	3
3		3							147		147	1,649	1,642		7			72					31	
			5					5	17		17	163	66			4	93	46		2			11	18
									21		21	68	67				1	156	2				27	11
2		2	31					31	368		368	1,364	1,160		196		8	164	1			9	8	
									216		216	738	716		13		9	3,546	4		1	1	28	3
									85		85	653	643		2		8	3,517	4		1		3	
									130		130	84	73		10		1	29				1	25	3

SUPPLEMENTARY TABLE

U.S. EXPORTS TO ALL COUNTRIES AND TO JAPAN BY CUSTOMS DISTRICT OF SHIPMENT, 1966 & 1967

(Value in $ million)

	CUSTOMS DISTRICTS	EXPORTS TO JAPAN (A)		PERCENT CHANGE	EXPORTS TO ALL COUNTRIES (B)		PERCENT CHANGE	JAPAN'S % SHARE (A/B X 100)		PERCENTAGE DISTRIBUTION OF EXPORTS TO JAPAN		EXPORTS TO ALL COUNTRIES	
		1966	1967	1966-67	1966	1967	1966-67	1966	1967	1966	1967	1966	1967
	GRAND TOTAL[1]	2,311.7	2,664.9	15.3	29,899.0	31,147.2	4.2	7.7	8.5	100.0	100.0	100.0	100.0
	REGION I—BOSTON, MASS.	20.9	35.1	67.9	2,532.0	2,683.9	6.0	0.8	1.3	0.9	1.3	8.5	8.6
01	Portland, Maine	0.1	0		64.0	61.0	− 4.7	0.1	—	—	0	0.2	0.2
02	St. Albans, Vermont	0.1	0.1	—	181.4	174.8	− 3.6	—	—	—	—	0.6	0.6
04	Boston, Massachusetts	14.0	23.4	66.6	162.3	205.0	26.3	8.7	11.4	0.6	0.9	0.5	0.7
05	Providence, Rhode Island	3.4	4.0	20.6	4.3	4.5	4.7	78.6	89.9	0.1	0.2	—	—
06	Bridgeport, Connecticut	3.2	7.5	135.9	8.0	8.8	10.0	39.5	84.9	0.1	0.3	—	—
07	Ogdensburg, New York	—	0.1		776.1	758.0	− 2.3	—	—	—	—	2.6	2.4
09	Buffalo, New York	0.1	0.1	—	1,335.9	1,471.8	10.2	—	—	—	—	4.5	4.7
	REGION II—NEW YORK CITY	329.6	453.4	37.6	7,800.3	7,975.2	2.2	4.2	5.7	14.3	17.0	26.1	25.6
10	New York City, New York	329.6	453.4	37.6	7,800.3	7,975.2	2.2	4.2	5.7	14.3	17.0	26.1	25.6
	REGION III—BALTIMORE, MD.	149.0	226.7	52.1	2,173.1	2,257.8	3.9	6.9	10.0	6.4	8.5	7.3	7.2
11	Philadelphia, Pennsylvania	29.2	50.2	72.3	455.4	514.0	10.4	6.3	9.8	1.3	1.9	1.6	1.7
13	Baltimore, Maryland	21.9	27.8	27.2	658.5	615.2	− 6.6	3.3	4.5	0.9	1.0	2.2	2.0
14	Norfolk, Virginia	97.9	148.6	51.8	1,049.2	1,128.7	7.6	9.3	13.2	4.2	5.6	3.5	3.6
	REGION IV—MIAMI, FLORIDA	78.5	74.9	− 4.6	1,204.1	1,329.0	10.4	6.5	5.6	3.4	2.8	4.0	4.3
15	Wilmington, North Carolina	35.3	22.4	−36.7	169.7	163.8	− 3.5	20.8	13.6	1.5	0.8	0.6	0.5
16	Charleston, South Carolina	9.1	9.3	2.9	160.8	168.0	4.5	5.6	5.6	0.4	0.3	0.5	0.5
17	Savannah, Georgia	7.0	10.5	51.0	186.6	187.3	0.4	3.7	5.6	0.3	0.4	0.6	0.6
18	Tampa, Florida	24.0	28.6	18.8	206.5	260.4	26.1	11.6	11.0	1.0	1.1	0.7	0.8
49	San Juan, Puerto Rico	—	0.3		52.6	68.4	30.0	0.1	.4	—	—	0.2	0.2
52	Miami, Florida	3.1	3.9	25.0	427.9	481.1	12.4	0.7	.8	0.1	0.1	1.4	1.5
	REGION V—NEW ORLEANS, LA.	355.2	330.2	− 7.0	2,866.0	2,986.3	4.2	12.4	11.1	15.4	12.4	9.6	9.6
19	Mobile, Alabama	63.9	54.6	−14.6	438.9	493.5	12.4	14.6	11.1	2.8	2.0	1.5	1.6
20	New Orleans, Louisiana	291.3	275.6	− 5.3	2,427.1	2,492.9	2.7	12.0	11.1	12.6	10.3	8.1	8.0
	REGION VI—HOUSTON, TEXAS	199.7	235.0	17.7	3,397.4	3,293.9	− 3.0	5.9	7.3	8.6	8.8	11.4	10.6
21	Port Arthur, Texas	31.9	19.6	−38.6	536.4	431.5	−19.6	6.0	4.5	1.4	0.7	1.8	1.4
22	Galveston, Texas	83.2	112.2	35.0	705.9	632.5	−10.4	18.8	17.7	3.6	4.2	2.4	2.0
23	Laredo, Texas	8.2	5.1	−37.5	785.3	805.2	2.5	1.0	.6	0.4	0.2	2.6	2.6
24	El Paso, Texas	—	0.1	140.6	56.5	66.9	18.4	—	.1	—	—	0.2	0.2
53	Houston, Texas	76.4	98.0	28.3	1,313.3	1,357.9	3.4	5.8	7.2	3.3	3.7	4.4	4.4
	REGION VII—LOS ANGELES, CALIF.	315.9	343.7	8.8	1,143.8	1,345.3	17.6	27.6	25.5	13.7	12.9	3.8	4.3
25	San Diego, California	29.7	29.9	.8	160.2	171.1	6.8	18.5	17.5	1.3	1.1	0.5	.5
26	Nogales, Arizona	0	0	0	41.2	39.7	− 3.6	0	0	0	0	0.1	0.1
27	Los Angeles, California	286.2	313.8	9.6	942.4	1,134.5	20.4	30.4	27.7	12.4	11.8	3.2	3.6
	REGION VIII—SAN FRANCISCO, CALIF.	782.4	850.8	8.7	2,811.7	3,218.1	14.5	27.8	26.4	33.8	31.9	9.4	10.3
28	San Francisco, California	411.5	414.4	.8	1,158.8	1,263.2	9.0	35.5	32.8	17.8	15.5	3.9	4.1
29	Portland, Oregon	179.4	220.1	22.2	551.7	633.6	14.8	32.5	34.7	7.8	8.3	1.8	2.0
30	Seattle, Washington	145.1	167.7	15.3	853.0	1,045.8	22.6	17.0	16.0	6.3	6.3	2.9	3.4
31	Juneau, Alaska	38.9	41.6	6.4	43.3	47.5	9.7	89.8	87.4	1.7	0.2	0.1	0.2
32	Honolulu, Hawaii	7.5	7.0	− 6.5	39.9	46.2	15.8	18.9	15.2	0.3	0.3	0.1	0.1
33	Great Falls, Montana	0	0	0	165.0	181.8	10.2	0	0	0	0	0.6	0.6
	REGION IX—CHICAGO, ILLINOIS	72.8	77.2	6.0	4,291.8	4,542.2	5.8	1.7	1.7	3.1	2.9	14.3	14.6
34	Pembina, North Dakota	0	0	0	420.8	458.5	9.0	0	0	0	0	1.4	1.5
35	Minneapolis, Minnesota	1.5	6.7	345.7	8.1	12.7	56.8	18.7	52.8	0.1	0.3	—	—
36	Duluth, Minnesota	3.6	1.4	−60.0	358.8	272.5	−24.1	1.0	.5	0.2	0.1	1.2	0.9
37	Milwaukee, Wisconsin	4.1	5.6	37.0	90.5	96.3	6.4	4.5	5.8	0.2	0.2	0.3	0.3
38	Detroit, Michigan	3.7	12.9	243.1	2,596.4	2,917.5	12.4	0.1	.4	0.2	0.5	8.7	9.4
39	Chicago, Illinois	41.0	22.4	−45.4	479.1	437.9	− 8.6	8.5	5.1	1.8	0.8	1.6	1.4
41	Cleveland, Ohio	18.9	28.2	49.3	332.6	337.5	1.5	5.7	8.4	0.8	1.1	1.1	1.1
45	St. Louis, Missouri	0	0	0	5.5	9.2	67.3	0	0	0	0	—	—
60	Vessels under their own power or afloat	0	0.1		33.4	18.8	−43.7	0	.5	0	—	0.1	0.1
70	Estimated low-value shipments	4.6	3.5	−23.2	262.3	245.5	− 6.4	1.8	1.4	.2	0.1	0.9	0.8
80	Mail shipments	3.7	4.9	30.6	141.8	146.6	3.4	2.6	3.3	.2	0.2	0.5	0.5
	Special category (military) shipments[1]		29.5		1,241.3	1,108.2	−10.7		2.7		1.1	4.2	3.6

District totals and commodity entries may not equal their respective subtotals and grand totals because of rounding.

Dash (—) denotes values less than $50,000 and percentag es less than 0.05%.

FOOTNOTES

[1] Beginning in 1967 special category (military) shipments to individual countries were included by the Census Bureau in that country's annual export total. Previously, such shipments were not broken down as to country of destination, but were included in the total of U. S. exports to all countries. Special category shipments are not identified by commodity types nor assigned to specific Customs Districts. The Grand Total for Japan also includes $35 thousand of vessels under their own power or afloat, $3,507 thousand of low value (under $100) shipments and $4,863 thousand of mail shipments, which are not assigned to specific Customs Districts.

[2] Customs Districts totaling less than $65,000 are not individually shown on the main table. The values of these districts are, however, included in the regional total. The total shipments and principal commodities of these Customs Districts are given below with value figures (in thousands of dollars). Included in Region I Total: **St. Albans, Vermont** (56)—crude minerals (56); **Buffalo, New York** (62)—pulp and waste paper (22), machinery (14), hides and skins, undressed (13), chemicals (12).

There were no U. S. exports to Japan in 1967 from the following Customs Districts: Portland, Maine; Nogales, Arizona; Great Falls, Montana· Pembina, North Dakota; and St. Louis, Missouri.

UNITED STATES IMPORTS FROM JAPAN

by customs district of entry, 1967

This pamphlet presents statistical data on United States imports for consumption from Japan during 1967 by Customs Districts of entry, using the Standard International Trade Classification (SITC) system. This system classifies commodities into ten one-digit sections, with further subdivisions into two-digit divisions and three-digit commodity groups. The data are based on imports for consumption, as distinguished from general imports, which are a combination of imports for immediate consumption and entries into bonded warehouses. Values shown are on the basis of f.o.b. foreign ports.

A supplementary table on page 8 compares imports from Japan with total imports from the world for each Customs District for 1966 and 1967. Also shown is the percentage distribution among the districts of imports from Japan and from the world.

This study is almost directly comparable to similar Council publications put out annually since 1963, listing imports by Customs District of entry. Relatively minor changes in Customs District classification and a new regional grouping of districts, adopted in 1966, are the only differences. The commodity classification remains the same. Identical commodity comparisons cannot be made with the 1962 edition because of a change by the Census Bureau in the commodity classification system in January of 1963.

The material upon which these reports are based is obtained by the Council from the United States Bureau of the Census. The Council contracts with the Census Bureau for the raw foreign trade data on computer tapes. A private programming firm, retained by the Council, programs the data into a unique, individualized tabulation offering more detailed and varied statistical information. The research staff of the Council then summarizes and prepares the data for publication.

All ports of entry and departure in the continental United States, Alaska, Hawaii, and Puerto Rico are grouped into forty-one (formerly forty-six) Customs Districts. The geographic extent of each is defined in the January 1, 1966, edition of "Schedule D-Code Classification of United States Customs Districts and Ports" published by the Census Bureau. Last year the Council abandoned the grouping of Districts by geographic area, as used in earlier Council publications, in favor of the new Census Bureau method of grouping Districts by Region. The changes incorporated in the reclassification were explained in the 1966 pamphlet.

The data presented will lend itself most readily to geographic or commodity analysis of trade with Japan. For example, import information for a specific area, e.g. Seattle, Washington, will be found in Region VIII, the San Francisco Region, as Customs District 30. All commodities will be listed down the column. If interested in a specific commodity, such as woven cotton fabrics, the user can find SITC group 652 and read across the table to identify the ports of entry.

UNITED STATES–JAPAN TRADE COUNCIL
1000 CONNECTICUT AVENUE, N.W., WASHINGTON, D.C.

UNITED STATES IMPORTS FROM JAPAN BY CUSTOMS DISTRICT
(VALUE IN $1,000)

SITC Commodity Sections, Divisions, & Groups / Customs Districts and Codes		GRAND TOTAL	REGION I					REGION II	REGION III				REGION IV						
			Region I Total[1]	Boston, Mass. 04	Providence, R.I. 05	Bridgeport, Conn. 06	Buffalo, N.Y. 09	New York City, N.Y. 10	Region III Total	Philadelphia, Penna. 11	Baltimore, Md. 13	Norfolk, Va. 14	Region IV Total	Wilmington, N.C. 15	Charleston, S.C. 16	Savannah, Ga. 17	Tampa, Fla. 18	San Juan, P.R. 49	Miami, Fla. 52
		GRAND TOTAL	2,993,649	116,387	58,256	1,283	4,775	21,704	961,280	198,624	126,097	51,449	21,078	132,414	15,393	17,481	21,653	18,585	33,514	25,788
0		FOOD & LIVE ANIMALS	109,440	11,189	11,176	4		6	21,063	8,168	3,006	4,282	880	14,276	67	382	87	1,043	12,124	573
01		Meat and Meat Preparations	1,474	102	102				897	119	79	37	3	30						30
	011	Meat, fresh, chilled, or frozen	1,438	102	102				870	119	79	37	3	30						30
	012	Meat, dried, salted, or smoked	4						4											
	013	Meat & meat preparations, n.e.s.	31						22											
02		Dairy Products & Eggs	11						5											
	025	Eggs	11						5											
03		Fish & Fish Preparations	81,550	10,350	10,333	4			14,856	5,931	2,361	3,194	376	13,771	55	321	84	722	12,117	472
	031	Fish, fresh	37,285	2,423	2,423				3,405	452	210	229	13	12,212		3	11		12,115	83
	032	Fish & fish preparations, n.e.s.	44,264	7,926	7,910	4			11,451	5,479	2,151	2,965	353	1,559	55	318	73	722	2	389
04		Cereals & Cereal Preparations	822						95	2	2									
	048	Cereal flour, starch preparations, other	822						95	2	2									
05		Fruit & Vegetables	15,582	620	620				2,306	1,497	298	930	269	236	4	61	2	100	1	68
	051	Fruit, fresh, & nuts	95	7	7				34											
	052	Dried fruit	1						1											
	053	Fruit, preserved	12,690	576	576				1,587	1,476	291	923	262	204	4	54	2	79	1	64
	054	Vegetables, fresh or frozen	153						12											
	055	Vegetables, preserved	2,638	36	36				671	19	7	6	6	30		6		20		4
06		Sugar & Honey	171	6				6	20					1				1		
	061	Sugar & honey	13						8					1				1		
	062	Sugar, preparations	157	6				6	12											
07		Coffee, Tea, Cocoa, & Spices	1,822	39	39				588	321	18	74	229	6				6		
	072	Cocoa	12						12											
	073	Chocolate & preparations	25						10											
	074	Tea & maté	904	39	39				153	233	4		229	6				6		
	075	Spices	875						411	88	14	74								
08	081	Feeding-Stuff for Animals	5,798	28	28				2,003	255	241	14		217	7			205	5	
09		Miscellaneous Food Preparations	2,207	1	1				278	37	5	30	2	7				6		1
	099	Food preparations, n.e.s.	2,207	1	1				278	37	5	30	2	7				6		1
1		BEVERAGES & TOBACCO	1,172	9	9				267	34	5	29		15			4	4		7
11		Beverages	1,171	9	9				267	34	5	29		15			4	4		7
	111	Non-alcoholic beverages	1																	
	112	Alcoholic beverages	1,169	9	9				266	34	5	29		15			4	4		7
12		Tobacco & Manufactures	1																	
	122	Tobacco manufactures	1																	
2		CRUDE MATERIALS, INEDIBLE, EXCEPT FUELS	25,400	1,889	1,398			491	6,957	2,696	1,094	1,204	398	7,174	127	1,148	5,744	60	7	88
21		Hides, Skins, & Furs, Undressed	920	27	27				866	19	19									
	211	Hides & skins, undressed	159	27	27				131											
	212	Furskins, undressed	761						734	19	19									
22	221	Oil-Seeds	14						4			4								
23	231	Crude Rubber (including Synthetic)	1,694	566	501			65	565	385	377		8							
24		Wood, Lumber, & Cork	3,159	60	60				341	543	224	122	197	120	43	26		5	7	39
	241	Fuel wood & charcoal	6																	
	242	Wood, rough	5							4										
	243	Wood, shaped	3,148	60	60				340	538	224	122	192	120	43	26		5	7	39
25	251	Pulp & Waste Paper	31																	
26		Textile Fibers & Waste	13,423	677	677				3,112	526	365		161	6,853	48	1,058	5,722	7		18
	261	Silk	1,873	19	19				1,839	13	13									
	262	Wool	612	45	45				325	145	41		105	92	33	59				
	263	Cotton	265	25	25				121	42	13		29	8		8				
	264	Jute	3																	
	265	Vegetable fibers	1																	
	266	Synthetic fibers	8,915	545	545				542	293	267		26	6,695	14	986	5,695			
	267	Waste materials	1,803	35	39				282	28	28			54		3	26	7		18
27		Crude Fertilizers & Crude Minerals	2,885	500	110			390	1,199	1,057	1	1,056		12			11	1		
	273	Stone, sand, & gravel	13						10					1				1		
	274	Sulphur & unroasted iron pyrites	7						7											
	275	Natural abrasives, industrial diamonds	1,312	500	110			390	811											
	276	Other crude minerals	1,552						369	1,056		1,056		11			11			
28		Metal Ores & Scrap	221						6	16		16								
	284	Non-ferrous metal scrap	22						6	16		16								
	285	Silver & platinum ores	199																	
29		Crude Animal & Vegetable Materials, n.e.s.	3,048	56	22			34	866	139	104	4	31	183	36	63	10	45		29
	291	Crude animal materials, n.e.s.	220						134	30	30			14				7		7

See Page 8 for notes

OF ENTRY AND SITC SECTION, DIVISION, AND GROUP, 1967

REGION V			REGION VI					REGION VII			REGION VIII						REGION IX							
Region V Total	Mobile, Ala. 19	New Orleans, La. 20	Region VI Total[2]	Galveston, Texas 22	Laredo, Texas 23	El Paso, Texas 24	Houston, Texas 53	Region VII Total[3]	San Diego, Calif. 25	Los Angeles, Calif. 27	Region VIII Total[4]	San Francisco, Calif. 28	Portland, Ore. 29	Seattle, Wash. 30	Juneau Alaska 31	Honolulu, Hawaii 32	Region IX Total[5]	Minneapolis, Minn. 35	Duluth, Minn. 36	Milwaukee, Wisc. 37	Detroit, Mich. 38	Chicago, Ill. 39	Cleveland, Ohio 41	St. Louis, Mo. 45
107,996	13,752	94,244	96,373	4,640	811	2,140	88,128	586,393	21,129	565,125	437,172	225,933	85,616	81,241	5,205	39,142	356,990	5,348	1,767	9,524	40,350	201,902	45,720	16,982
2,647	1,112	1,535	1,743	115			1,628	19,213	1,170	18,043	27,093	8,260	10,385	5,442	50	2,956	4,034	15	269	351	1,053	1,769	577	
								140	3	137	177	143	9	12		13	2					2		
								139	3	136	171	138	9	12		12								
								1		1	5	5					1					1		
								1		1	3	3												
								1		1	3	3												
1,442	431	1,011	894	8			886	14,656	1,132	13,524	17,162	3,995	8,141	3,621	2	1,403	2,423	2	117	179	732	1,141	252	
1,442	431	1,011	894	8			886	11,065 3,590	1,129 2	9,936 3,588	7,715 9,445	1,103 2,892	4,758 3,382	1,303 2,318	2	549 853	2 2,415	2	117	179	732	5 1,135	252	
								252		252	462	195	2	23		242	6					6		
								252		252	462	195	2	23		242	6					6		
371	76	295	444				444	1,348	1	1,347	7,211	3,054	1,832	1,567	47	711	1,533	12	150	171	320	556	324	
								1		1	54	6			47	1								
359	76	283	439				439	889		889	5,718	2,212	1,798	1,531		177	1,429	12	145	171	320	461	320	
12		12	5				5	51 406	1	51 405	86 1,347	43 791	32	2 33		41 491	103		5			94	4	
								41		41	99	40	6	6		47								
											3	1				2								
								41		41	96	39	6	6		45								
59		59	138	106			32	351		351	312	98	159	11		44								
								9		9	3	1				2								
50		50	106	106				40		40	271	63	159	7		42								
8		8	32				32	301		301	36	33		3										
772	604	168	248				248	1,731		1,731	535	192	204	113		26	2					2		
			16				16	686	32	654	1,116	535	29	85		467	59					59		
			16				16	686	32	654	1,116	535	29	85		467	59					59		
2		2	12			2	10	476		476	260	135	3	16		106	85	1		5	8	58	10	3
2		2	12			2	10	475		475	260	135	3	16		106	85	1		5	8	58	10	3
2		2	12			2	10	475		475	260	135	3	16		106	85	1		5	8	58	10	3
946	260	686	410	9			401	2,754	60	2,694	1,931	1,070	140	355	1	365	629	16		7	44	392	92	78
											7	2		5										
											7	2		5										
2		2									6	5				1					4			
								83		83	1		1				90					90		
377	5	372	141				141	687	30	657	871	429	109	201	1	131	11				11			
											4					4								
377	5	372	141				141	685	30	655	866	429	109	201	1	126	11				11			
								18		18	12			12										
28		28	196				196	1,519		1,519	163	135	5	3		20	340			3		267	70	
								5		5	3			3			3			3				
28		28	112				112	572		572	122	122												
			84				84	941		941	38	13	5			20	337					267	70	
11		11	5				5	8		8	1	1					86				1	2	18	65
11		11	5				5	7		7	1	1					86				1	2	18	65
199		199																						
199		199																						
328	255	73	66	9			57	437	30	407	862	495	23	133		211	97	16		3	30	32	4	12
								2		2	34	26	1	4		3								

UNITED STATES IMPORTS FROM JAPAN BY CUSTOMS DISTRICT OF

(VALUE IN $1,000)

SITC Commodity Sections, Divisions, & Groups / Customs Districts and Codes			GRAND TOTAL	REGION I				REGION II	REGION III				REGION IV					
				Region I Total†	Boston, Mass. 04	Providence, R.I. 05	Bridgeport, Conn. 06	Buffalo, N.Y. 09	New York City, N.Y. 10	Region III Total	Philadelphia, Penna. 11	Baltimore, Md. 13	Norfolk, Va. 14	Region IV Total	Wilmington, N.C. 15	Charleston, S.C. 16	Savannah, Ga. 17	Tampa, Fla. 52	San Juan, P.R. 49	Miami, Fla. 52
	292	Crude vegetable materials, n.e.s.	2,828	56	22			34	731	109	74	4	31	168	36	63	10	37		22
3		MINERAL FUELS, LUBRICANTS, & RELATED MATERIALS	1,817	2	2				43	6			6							*
33		Petroleum & Petroleum Products	958						4	6			6							
	331	Petroleum, crude & partly refined	946						4	6			6							
	332	Petroleum products	11																	*
34	341	Gas, Natural & Manufactured	59	2	2				39											
4		ANIMAL & VEGETABLE OILS & FATS	3,782	4	4				2,846	7	7									
41	411	Animal Oils & Fats	858	4	4				495	7	7									
42		Fixed Oils & Fats	2,870						2,297											
	421	Fixed vegetable oils, soft	2						2											
	422	Other fixed vegetable oils	2,868						2,295											
43	431	Animal & Vegetable Oils & Fats, Processed	52						52											
5		CHEMICALS	68,653	1,916	1,748		28	111	34,026	4,658	2,583	1,880	195	3,538	491	2,166	504	86	242	49
51		Chemical Elements & Compounds	42,993	906	834		16	57	21,562	2,861	2,147	527	187	1,287	453	230	495	37	42	30
	512	Organic chemicals	28,320	721	672		16	33	17,457	1,134	709	244	181	827	333	164	265	12	40	13
	513	Elements, oxides, & halogen salts	10,179	82	29			24	2,855	1,114	1,036	78		102		46	43	11	1	1
	514	Other inorganic chemicals	4,491	101	101				1,249	610	401	204	5	352	120	18	185	14		15
	515	Radioactive & associated materials	2																	
52	521	Mineral Tar & Crude Hydrocarbons	14																	
53		Dyeing, Tanning, & Coloring Materials, n.e.s.	735						513	20	15	5		13	4		3			6
	531	Synthetic organic dyestuffs	225						206	12	12			4	4					
	533	Pigments, paints, varnishes	510						306	7	2	5		9			3			6
54	541	Medicinal & Pharmaceutical Products	4,128	32				32	3,214											
55		Essential Oils, & Perfume Materials	1,011	10	10				423	24	19	5		24	5	18		1		
	551	Essential oils, perfume & flavor materials	151	3	3				140	2		2								
	553	Perfumery & cosmetics, other preparations	533						81					1				1		
	554	Soaps & cleansing preparations	326	6	6				200	22	19	3		23	5	18				
56	561	Fertilizers, Manufactured	664																	
57	571	Explosives & Pyrotechnic Products	1,252	13	12			1	16	105		105		18		7	4	4	3	
58	581	Plastic Materials & Artificial Resins	17,180	942	918		11	13	8,065	1,637	395	1,234	7	2,159	27	1,882	2	43	194	11
59	599	Chemical Materials & Products, n.e.s.	672	9	3			6	231	5	3	2		26		26				
6		MANUFACTURED GOODS CLASSIFIED CHIEFLY BY MATERIAL	1,153,811	29,699	24,008	338	4,331	944	312,257	108,485	70,233	29,490	8,762	58,950	13,220	11,025	9,292	10,097	7,198	8,118
61		Leather Manufactures, n.e.s., & Dressed Furs	3,922	130	130				3,035	42	23		19	45			4			41
	611	Leather	306	124	124				101											
	612	Manufactures of leather or of artificial leather	3,527	6	6				2,845	41	22		19	45			4			41
	613	Furskins, tanned or dressed	89						89											
62		Rubber Manufactures, n.e.s.	8,926	127	78			49	1,546	998	639	359		493	1	3	331	23	119	16
	629	Articles of rubber, n.e.s.	8,926	127	78			49	1,546	998	639	359		493	1	3	331	23	119	16
63		Wood & Cork Manufactures (Excluding Furniture)	70,193	2,464	2,206	9		249	15,982	4,796	2,811	1,425	560	5,267	1,386	2,118	145	489	483	646
	631	Veneers, plywood boards, etc., n.e.s.	49,025	1,511	1,502	9			5,364	3,444	1,787	1,142	515	4,672	1,360	2,105	49	440	296	422
	632	Wood manufactures, n.e.s.	21,164	953	704			249	10,617	1,350	1,023	283	44	594	26	13	95	49	187	224
	633	Cork manufactures	3						1											
64		Paper, Paperboard, & Manufactures	12,194	417	407			10	5,176	845	582	244	19	142	5	13	23	17	33	51
	641	Paper & paperboard	2,457	103	103				808	282	187	75		24	2	9			2	11
	642	Articles of pulp, paper, or paperboard	9,726	314	304			10	4,368	563	394	169	19	114	2	3	23	16	31	39
65		Textile Yarn, Fabrics & Articles	214,759	3,216	3,096	2		87	140,723	12,555	8,791	1,507	2,257	10,730	2,429	4,618	2,161	205	953	364
	651	Textile yarn & thread	12,694	794	794				10,899	158	101	57		539	199	298			42	
	652	Cotton fabrics, woven	27,216	132	135				19,113	3,152	1,907	633	590	3,119	491	2,198	107		332	81
	653	Textile fabrics, woven, except cotton fabrics	116,432	772	670			75	90,974	2,585	1,678	50	857	3,568	79	1,374	1,866		230	19
	654	Tulle, lace, findings, etc	3,725	190	185				2,287	355	307	20	28	247	1	57	28		51	110
	655	Special textile fabrics, related products	7,902	103	92			11	4,533	302	251	51	50	372	5	16	68	94	136	53
	656	Made-up articles, textile, n.e.s.	16,109	245	245				10,136	377	174	82	121	873	14	634		27	158	40
	657	Floor coverings, tapestries, etc.	20,677	968	967	1			2,778	5,641	4,420	612	609	1,998	1,728	38	89	83	2	58
66		Non-Metallic Mineral Manufactures, n.e.s.	112,545	3,678	2,971	273	416	10	28,461	10,355	5,018	3,607	1,730	6,445	1,047	270	1,071	676	1,284	2,097
	661	Lime, cement, & fabricated building material	1,365						20	1		1		133					133	
	662	Clay & refractory construction material	16,872	1,438	1,077		361		3,998	2,928	1,640	1,132	156	2,385	56	95	267	259	730	978
	663	Mineral manufactures, n.e.s.	1,121	24	24				537	74	17	56	1	78		10	56	2	6	4
	664	Glass	18,696	291	291				2,919	2,326	620	353	1,353	1,417	777	11	87	64	19	459
	665	Glassware	4,972	174	120	54			2,727	363	61	294	8	44			12	6	14	12
	666	Pottery	50,860	1,091	1,072	4	14	1	15,233	4,428	2,546	1,672	210	2,221	212	153	626	338	343	549
	667	Pearls & precious & semi-precious stones	18,656	654	384	213	41	8	3,024	227	131	96		152			20	4	36	92
67		Iron & Steel	532,927	12,835	9,171		3,374	254	49,187	60,181	45,703	12,761	1,717	26,472	6,141	3,136	4,093	7,615	3,061	2,426
	671	Pig iron	2,931	128			128		287	723	267	355	101							
	672	Ingots & other primary forms	165						101											208
	673	Bars, rods, angles, shapes, & sections	83,642	4,545	1,996		2,308	241	9,637	7,323	3,546	3,646	131	5,163	353	1,398	87	3,117		1,071
	674	Universals, plates, & sheets	300,429	3,433	2,510		887	4	15,462	41,607	35,751	5,236	680	10,098	1,956	799	2,396	1,664	2,173	5
	675	Hoop & strip	5,666	200	200				604	2,303	978	1,280	45	79	6	12	43	11	2	

See Page 8 for notes

ENTRY AND SITC SECTION, DIVISION, AND GROUP, 1967 (Continued)

REGION V			REGION VI					REGION VII			REGION VIII						REGION IX							
Region V Total	Mobile, Ala. 19	New Orleans, La. 20	Region VI Total[2]	Galveston, Texas 22	Laredo, Texas 23	El Paso, Texas 24	Houston, Texas 53	Region VII Total[3]	San Diego, Calif. 25	Los Angeles, Calif. 27	Region VIII Total[4]	San Francisco, Calif. 28	Portland, Ore. 29	Seattle, Wash. 30	Juneau, Alaska 31	Honolulu, Hawaii 32	Region IX Total[5]	Minneapolis, Minn. 35	Duluth, Minn. 36	Milwaukee, Wisc. 37	Detroit, Mich. 38	Chicago, Ill. 39	Cleveland, Ohio 41	St. Louis, Mo. 45
328	255	73	66	9			57	433	29	404	826	469	22	128		207	96	16		3	30	32	3	12
								955		955	4	4					3					3		
								947		947														
								946		946														
								8		8	4	4					3					3		
								475		475	187	85		92		10	259					6	253	
								2		2	94	2		92			253						253	
								473		473	92	82				10	6					6		
								473		473	92	82				10	6					6		
3,669	840	2,829	2,358	1,177		16	1,165	7,244	505	6,735	7,911	2,328	2,451	2,003	24	1,105	3,316	95	54	211	481	1,488	827	160
2,901	740	2,161	2,098	1,011		7	1,080	3,859	1	3,858	5,815	1,864	1,961	1,741	8	241	1,686		54	206	463	757	181	25
1,968 704 228	186 554	1,782 150 228	1,978 65 53	1,011		5 1	962 64 53	2,225 687 946	1	2,224 687 946	1,017 4,078 713	632 689 541	166 1,761 32	19 1,613 108	1 6	200 14 26	977 477 226		54	30 176	259 136 67	509 104 142	155 7 17	24
											14	14												
			6				6	101		101	30	22	6	2			46					24	17	5
5		5	6				6	1 99 395	4	1 99 391	30 192	22 36	6 101	2		55	46 283					24 211	17 61	5 11
			5			1	4	189		189	286	62	15	2		207	41	34				4	3	
			5			1	4	1 179 8		1 179 8	262 22	52 9	7 8	2		201 5	2 38	34				4	2	
								82		82	578	18	7	4		549	2					2		
227	68	159	171	166		5		252		252	186	67	13	86		20	252	60			9	110	1	72
300	31	269	69			1	68	2,340	498	1,842	673	201	278	164	16	14	981			4	1	369	562	45
232		232	4				4	21		21	124	40	67			17	13				6	7		
68,607	9,143	59,454	66,879	2,509	83	749	63,456	192,500	7,099	185,397	166,759	62,621	42,928	38,722	3,088	19,335	149,657	2,133	770	6,875	32,016	74,184	31,030	2,505
107		107	18				18	182	37	145	193	151	11	8		23	159	1			10	128		20
107		107	18				18	45 136	37	45 99	23 169	5 146	11	8		18 4	10 148	1			10	10 117		20
1,012	21	991	113				113	2,100	29	2,069	1,658	942	268	360	18	70	865	87		34	6	322	109	305
1,012	21	991	113				113	2,100	29	2,069	1,658	942	268	360	18	70	865	87		34	6	322	109	305
3,822	215	3,607	7,043	1,579		68	5,396	12,501	2,038	10,463	15,523	4,968	6,468	3,564	80	443	2,780	21	3	357	764	1,166	380	89
3,443 378	171 44	3,272 334	6,707 335	1,574 4		68	5,133 263	9,713 2,787	1,609 428	8,104 2,359	12,250 3,269 1	3,088 1,880	5,833 635	3,161 402	72 7	96 345 1	1,910 870	21	3	169 188	710 54	898 268	133 247	89
156	5	151	330	2		13	315	2,430	437	1,993	2,207	1,506	457	143	1	100	473	53		41	17	233	109	20
2 154	5	2 149	31 298	2		13	31 283	880 1,549	436	880 1,113	340 1,864	299 1,207	8 448	27 115	1	6 93	6 465	53		41	3 13	3 229	109	20
2,337	253	2,084	1,902	310	65	72	1,455	26,299	598	25,701	15,181	6,462	804	1,011	17	6,887	1,796	47	3	63	69	677	396	541
18 647 300 35 371 448 515	80 3 23 45 100	18 567 297 35 348 403 415	6 43 160 42 204 74 1,365	104 24 1 181	18 44 17 9	1 22 21 136 56 1,175	6 42 34 3 56 1,175	179 6,044 12,643 261 806 2,578 3,784	41 1 36 163 355	179 6,044 12,602 260 770 2,415 3,429	93 4,943 171 716 1,027 3,244	24 548 2,324 116 186 587 2,672	69 3 176 3 38 294 218	7 137 41 432 91 301	4,385 2,336 12 5	1 28 448 126 479 334 370	4 3 40	3	35 8 18	1 14 4 7 101 19 38	8 240 41 9 184 93	6 199 77 320 50 51	5 8 70 130
4,526	621	3,905	3,001		13	232	2,756	17,710	2,299	15,410	27,597	7,942	4,123	14,369	13	1,139	10,751	1,529	13	121	741	5,020	2,442	884
14 518 4 702 84 3,102 88	217 93 3 294 11	14 301 4 609 91 2,808 77	483 51 539 57 1,796 70		1 11	59 5 5 12 133 16	424 46 534 45 1,662 43	516 986 148 5,924 557 7,712 1,863	8 387 202 1,489 212	516 978 148 5,537 355 6,223 1,650	674 1,072 128 4,010 751 10,662 10,288	371 407 52 1,554 436 4,806 313	3 216 26 443 137 3,255 40	229 274 37 1,692 57 2,357 9,721	1 5 6	70 170 2 321 121 238 214	1 3,050 63 554 192 4,598 2,273	1 309 1 84 1,122	7 1 4	42 2 2 71 2	234 1 11 430 61	1,363 46 131 103 2,349 1,025	448 15 412 40 1,466 57	647 1 35 194 5
49,342	6,445	42,897	45,158	570		15	45,573	102,197	275	101,922	81,646	29,445	25,754	15,965	857	9,622	104,890		190	5,653	26,295	49,909	22,702	141
1,030	2	1,028						15		15	10					10	732 3				717 3	15		
6,150 28,394 82	419 3,229	5,731 25,165 40	4,386 20,511 212	3 53		2 13	4,381 20,445 212	20,888 56,006 1,342	22 41	20,866 55,965 1,342	11,900 50,956 286	4,526 15,918 148	5,490 14,692 74	1,454 11,820 33	58 7 8	372 8,519 23	18,636 73,878 550		134 56	194 5,204 3	6,761 16,728 115	4,774 38,551 418	6,646 13,328 14	127 11

Page 6

UNITED STATES IMPORTS FROM JAPAN BY CUSTOMS DISTRICT OF
(VALUE IN $1,000)

SITC Commodity Sections, Divisions, & Groups			GRAND TOTAL	REGION I					REGION II	REGION III				REGION IV						
		Customs Districts and Codes		Region I Total[1]	Boston, Mass. 04	Providence, R.I. 05	Bridgeport, Conn. 05	Buffalo, N.Y. 09	New York City, N.Y. 10	Region III Total	Philadelphia, Penna. 11	Baltimore, Md. 13	Norfolk, Va. 14	Region IV Total	Wilmington, N.C. 15	Charleston, S.C. 16	Savannah, Ga. 17	Tampa, Fla. 18	San Juan, P.R. 49	Miami-Fla.* 52
	676	Railway construction material	157																	
	677	Iron & steel wire, excluding wire rod	39,035	4,191	4,162		21	8	6,055	3,722	2,078	1,140	504	4,438	2,385	297	964	115	346	331
	678	Tubes, pipes, & fittings	95,155	329	301		23		16,624	4,353	3,073	1,053	237	6,710	1,439	627	601	2,707	527	809
	679	Castings & forgings, unworked, n.e.s.	824						214	65	6	46	15	11					11	
68		Non-Ferrous Metals	39,857	578	575			3	14,952	5,148	913	3,603	632	1,534	874	50	64	12	458	76
	681	Silver & platinum	135						112											
	682	Copper	12,931	340	340				7,591	605	178	361	66	1,373	852	50	18	11	418	14
	683	Nickel	31																	
	684	Aluminum	4,612	177	174			3	2,420	830	244	211	565	111	12		46		40	13
	685	Zinc	10,489						2,425	498	413	85		48				1		43
	689	Miscellaneous non-ferrous base metals	11,631	60	60				2,000	3,210	76	3,134		1			1			
69		Manufactures of Metal, n.e.s.	158,484	6,241	5,369	53	540	278	53,189	13,549	5,748	5,979	1,822	7,798	1,333	813	1,396	1,056	802	2,398
	691	Finished structural parts & structures, n.e.s.	2,341						2					23		23				
	692	Metal containers	300	9	9				68	49	3	46		13	2				9	2
	693	Wire products & fencing grills	20,640	1,850	1,550		292	8	1,783	1,758	606	679	473	2,967	468	402	178	437	102	1,379
	694	Nails, screws, nuts, bolts, etc.	53,137	1,855	1,631	2	206	25	12,691	7,102	1,727	4,284	1,091	2,314	644	251	610	350	101	358
	695	Tools	19,053	639	615	23			9,993	1,092	836	238	18	596	23	58	232	34	174	75
	696	Cutlery	18,100	636	445		41	149	9,377	534	376	152	6	381	7	2	34	59	62	217
	697	Household equipment of base metals	16,949	534	533			1	8,041	857	607	153	97	302	15	5	21	74	39	148
	698	Manufactures of metal, n.e.s.	27,951	703	593	27		93	11,231	2,149	1,590	424	135	1,184	170	69	318	100	312	215
7		MACHINERY & TRANSPORT EQUIPMENT	870,491	35,321	20,211	105	47	14,733	251,025	50,866	34,988	7,857	8,021	27,315	727	639	2,069	6,172	9,927	7,781
71		Machinery, Non-Electric	187,832	4,805	4,518	70	4	65	63,212	17,890	15,628	959	303	2,830	535	264	428	371	423	809
	711	Power generating machinery	12,463						2,900	755	737	16	2	179				122	29	28
	712	Agricultural machinery & implements	926	7	6			1	15	15	3	12		1					1	
	714	Office machines	24,962	233	59	36			9,846	2,684	2,659	25		156				2	16	138
	715	Metalworking machinery	27,127	495	492	2	1		7,812	1,540	1,327	211	11	540		16	119	9	10	386
	717	Textile & leather machinery	45,659	897	795	1		8	16,822	6,394	6,132	46	216	957	510	175	81	149	32	10
	718	Machines for special industries	4,192	120	106		3	11	729	121	89	18	14	172	3	16	50	5	2	96
	719	Machinery & appliances & machine parts, n.e.s.	71,490	3,135	3,059	32		43	25,075	6,384	5,678	628	58	812	21	55	176	83	330	147
72		Electric Machinery, Apparatus, & Appliances	513,437	29,694	13,904	34	42	14,639	172,425	15,885	10,774	3,150	1,962	12,652	187	285	816	500	4,011	6,853
	722	Electric power machinery & switchgear	33,054	5,726	1,833		23	3,842	8,737	1,911	1,069	406	437	459	3	3	16	61	196	180
	723	Equipment for distributing electricity	32,583	739	603	2		133	6,425	2,831	1,778	792	311	708		9	54	75	295	275
	724	Telecommunications apparatus	335,954	12,655	7,289	6	5	5,331	122,834	4,155	2,817	775	564	9,941	22		644	157	3,191	5,927
	725	Domestic electrical equipment	9,643	509	504			5	4,815	291	173	85	23	150	5	20	29	13	4	79
	726	Electro-medical & X-ray apparatus and parts	822	103	102		1		191	37	23	14		17	17					
	729	Other electrical machinery & apparatus	99,725	8,953	3,570	25	11	5,325	29,390	6,614	4,913	1,076	625	1,364	138	251	71	191	322	391
73		Transport Equipment	169,221	1,815	1,787			28	15,387	17,086	7,585	3,746	5,755	11,828	4	89	824	5,300	5,493	118
	731	Railway vehicles	2,193						132	1,241	930	128	133							
	732	Road motor vehicles	145,733	1,157	1,132			25	10,669	14,092	5,136	3,342	5,614	11,373		1	724	5,252	5,375	21
	733	Road vehicles other than motor vehicles	12,139	548	546			2	4,145	1,717	1,435	265	17	256	2	8	53	33	117	43
	734	Aircraft	6,616						13					39						39
	735	Ships and boats	2,538	109	109				426	42	33	9		154	1	79	46	14		14
8		MISCELLANEOUS MANUFACTURED ARTICLES	696,911	35,722	29,387	816	339	5,160	319,945	23,271	13,983	6,637	2,651	20,884	754	2,084	3,947	1,073	3,910	9,116
81	812	Building Fixtures	8,627	400	382			18	3,830	901	616	104	181	83	1	2	9	16	19	36
82	821	Furniture	10,283	133	132			1	3,114	452	266	81	105	337	6	99	12	14	87	119
83	831	Travel Goods, Handbags, Etc.	23,055	400	362	4	7	27	13,886	1,506	734	180	592	540	10		27	14	90	399
84		Clothing	164,078	2,934	2,898			36	104,558	2,703	991	1,212	500	5,513	191	808	1,799	98	1,079	1,538
	841	Clothing, except fur clothing	163,994	2,934	2,898			36	104,489	2,703	991	1,212	500	5,513	191	808	1,799	98	1,079	1,538
	842	Fur clothing	84						69											
85	851	Footwear	62,055	13,945	13,733		212	1	19,851	3,620	1,291	1,993	336	3,897	138	419	837	200	1,397	906
86		Precision Instruments & Goods	120,161	4,954	3,521	99	66	1,217	56,181	2,574	2,117	349	408	4,023	56		170	82	259	3,456
	861	Scientific, medical, optical, etc., instruments	103,435	4,752	3,505	6	63	1,217	44,675	1,989	1,532	349	108	3,885	50		52	82	247	3,454
	862	Photographic & cinematographic supplies	4,582	2	2				3,733	14	14									*
	863	Developed cinematographic film	1,325						835											
	864	Watches & clocks	10,817	107	12	93	2		6,939	570	570			138	6		118		12	2
89		Miscellaneous Manufactured Articles, n.e.s.	328,639	12,996	8,357	712	53	3,855	118,522	11,505	7,965	2,714	826	6,473	349	754	1,090	646	976	2,658
	891	Musical instruments, sound records, parts	129,147	6,112	2,649		5	3,458	38,011	1,557	1,654	270	43	2,011	22	476	522	88	232	671
	892	Printed matter	8,223	522	512		6	3	2,493	220	79	141		66	3	2	1	8	3	43
	893	Articles of plastic, n.e.s.	35,369	1,078	1,002	1	2	73	15,241	1,848	920	797	131	785	86	136	146	142	121	154
	894	Toys, games, sporting goods, etc.	80,132	3,368	2,918	114	37	287	29,796	4,761	3,492	808	461	1,618	151	115	104	196	507	545
	895	Office & stationery supplies, n.e.s.	6,564	91	64	18		9	1,928	176	112	56	8	65		3	44	1	3	14
	896	Works of art, antiques, etc.	2,355	62	59			3	1,277	342	17	313	12	75	26	3				46
	897	Jewelry	8,325	1,028	544	543		3	5,302	78	60	16	2	28			3	2	3	20
	899	Manufactured articles, n.e.s.	39,349	603	544	34		20	20,484	2,103	1,628	309	166	1,803	58	16	266	205	97	1,161
9		COMMODITIES & TRANSACTIONS NOT CLASSIFIED ACCORDING TO KIND	62,968	616	308	16	28	256	12,845	423	196	66	161	241	3	33	2	47	104	52
93	931	Special Transactions not Classified	26,397	583	308	16	6	248	12,808	422	195	66	161	221	3	33	2	47	104	32
94	941	Animals, "n.e.s.—Live," including Zoo	945						24					20						20
95	951	Arms of War, Military Equipment	382	33			22	8	12											
99	990	Commodities & Transactions not Classified According to Kind*	35,243																	

See Page 8 for notes

ENTRY AND SITC SECTION, DIVISION, AND GROUP, 1967 (Continued)

REGION V			REGION VI					REGION VII			REGION VIII						REGION IX						
Region V Total	Mobile, Ala. 19	New Orleans, La. 20	Region VI Total[2]	Galveston, Texas 23	Laredo, Texas 24	El Paso, Texas 53	Houston, Texas 53	Region VII Total[3]	San Diego, Calif. 25	Los Angeles, Calif. 27	Region VIII Total[4]	San Francisco, Calif. 28	Portland, Ore. 29	Seattle, Wash. 30	Juneau, Alaska 31	Honolulu, Hawaii 32	Region IX Total[5]	Minneapolis, Minn. 35	Duluth, Minn. 36	Milwaukee, Wisc. 37	Detroit, Mich. 38	Chicago, Ill. 39	Cleveland, Ohio 41	St. Louis, Mo. 45
2,129	513	1,616	2,712	29			2,683	153	10	153	4	4											
11,421	2,211	9,210	18,331	484			17,847	3,392	201	3,382	4,638	2,201	1,335	809		293	6,743			57	1,634	4,005	1,047
128	25	103	2				2	20,170		19,969	13,793	6,614	4,148	1,843	783	402	4,218			193	334	2,131	1,558	2
								227		227	48	30	13	4		1	119					12	107	
653		653	1,182			2	1,180	8,158		8,158	1,806	440	1,101	244		21	5,832		21	50	195	3,622	1,944	
20		20	634				634	1,462		1,462	21	21											
											349	277	6	49		17	194			36	15	127	16	
90		90	168			1	167	357		357	35	35											
541		541						1,766		1,766	77	23	4	47		3	371		21	13		303	34	
			377				377	4,571		4,571	95	39	6	50			5,112				157	3,076	1,879	
											1,222	42	1,084	96			151				22	114	15	
6,646	1,580	5,066	7,121	45	4	343	6,647	20,912	1,381	19,531	20,927	10,761	3,937	3,103	2,098	1,028	22,082	391	537	551	3,915	13,104	2,944	501
2		2	29				29	4		4	2,259	37	185	110	1,904	23	18				17	1		
2,466	853	1,613	2,415	7			2,412	25		25	5	2	3				76				2	74		
2,121	588	1,533	2,482			48	2,427	1,397		1,397	3,716	1,114	1,456	487	67	592	2,268		299	10	513	1,353	93	
231	25	205	471	10		20	441	7,317	51	7,266	5,040	2,842	1,156	887	28	127	12,191	1	165	146	3,060	6,901	1,918	
155	21	134	573		4	177	392	2,996	209	2,787	1,306	939	109	201	10	47	1,716	35	33	292	122	1,030	49	154
240	51	189	222			31	191	1,665	302	1,364	2,560	2,335	45	147		33	2,203	185	36	22	8	1,383	548	21
1,426	40	1,386	872	27		65	706	2,661	590	2,071	2,350	1,868	209	164	2	107	1,728	45		18	79	1,356	163	69
								4,840	227	4,613	3,674	1,619	771	1,103	85	96	1,865	123	2	63	111	1,002	170	255
21,729	738	20,991	14,382	75	47	211	14,047	220,886	2,820	217,999	146,169	88,587	23,069	21,041	1,775	11,684	102,778	1,633	227	1,302	4,208	77,705	10,419	7,281
6,124	106	6,018	3,159	6	1	14	3,138	42,347	166	42,119	25,588	12,755	6,801	3,254	1,767	999	21,858	1,395	53	746	2,623	11,660	5,143	235
23	8	15	278			3	275	2,002		2,002	4,571	2,008	1,928	355		280	1,745				1,666	24	55	
20		20						62		62	220	155	36	15		14	579			69		429	81	
272		272	16				16	3,747	14	3,671	7,460	4,010	3,322	5		123	539	264			5	90	179	1
271	21	250	1,017	6		1	1,010	7,379	3	7,376	3,095	1,200	54	1,727		114	4,953	764	6	16	204	3,042	863	58
3,088	51	3,037	804			1	803	12,942	11	12,931	2,551	1,736	1,050	154		11	1,862	3		2	32	458	1,383	4
145	18	127	226				226	775	108	667	835	431		180		224	1,057	3		350	1	327	334	42
2,300	6	2,294	813		1	7	805	15,435	28	15,407	6,444	3,213	407	814	1,767	231	11,089	359	46	308	714	7,288	2,245	127
4,304	605	3,699	4,857	67	46	190	4,554	116,211	2,544	113,663	81,802	63,854	4,700	10,972	7	2,269	76,585	216	173	523	814	64,443	3,380	7,036
464		464	338		2	18	318	5,677	57	5,620	5,046	3,848	698	487		13	4,719	60		21	86	3,668	579	305
1,013	139	874	536		8	1	527	8,039	376	7,663	7,863	3,930	2,733	1,119	5	76	4,783	4	7	49	128	1,750	1,373	1,472
2,020	30	1,990	1,509		16	88	1,405	88,733	909	87,820	47,509	36,911	410	8,495		1,693	47,530	97	160	22	136	43,252	268	3,595
51	6	45	28		1	5	22	2,279	217	2,062	1,063	510	157	148		248	655	8		85	1	298	257	6
1		1	30			30		24		24	192	167		25			218			28		181	9	
750	427	323	2,410	67	18	46	2,279	11,455	983	10,472	20,118	18,486	700	694	1	237	18,668	46	4	317	461	15,292	893	1,655
11,299	26	11,273	6,362	1		6	6,353	62,326	110	62,216	38,775	11,977	11,568	6,815		8,415	4,326	20		32	770	1,600	1,895	9
9		9	19				19	83		83	89	23		66			615			3		612		
10,763	14	10,749	5,929	1		6	5,922	55,712	3	55,712	33,042	10,764	11,444	6,454		4,380	2,990	14		14	729	373	1,860	
525	12	513	345				345	3,097	105	2,992	1,134	940	102	33		59	397			14		353	26	4
			53				53	2,526		2,526	3,979	4		2		3,973	1							1
			14				12	944	4	940	521	243	20	257		1	316	6		40	260	7	3	
10,218	1,650	8,568	9,223	752	679	987	6,802	135,561	9,365	126,174	82,906	60,645	6,318	12,717	27	3,193	59,161	1,294	444	767	2,108	45,325	2,287	6,930
78	1	77	47		6	15	26	1,734	208	1,526	708	508	99	69		32	835	5	5	11	15	476	4	319
123		123	189	1	2	41	145	4,405	47	4,358	1,108	670	95	133		210	404	3	5	8	33	312	33	10
87	1	86	568		9	28	531	2,111	209	1,902	2,643	2,091	265	213		74	1,299	36		1	31	939	30	262
2,146	244	1,902	1,626	46	13	466	1,101	20,365	2,584	17,781	18,232	15,012	1,121	1,888		209	5,982	164	27	70	564	3,936	411	810
2,146	244	1,902	1,626	46	13	466	1,101	20,364	2,583	17,781	18,232	15,012	1,121	1,888		209	5,968	164	27	70	564	3,922	411	810
																	14					14		
2,200	703	1,497	1,935	555		15	1,365	9,098	1,751	7,347	5,608	2,988	623	1,489		508	1,895	57	157	4	171	1,396	8	102
1,881	182	1,699	967	25	301	73	568	18,133	223	17,910	12,669	10,369	730	972	2	595	18,809	218	6	160	226	15,925	212	2,062
1,711	14	1,697	967	25	301	73	568	16,765	219	16,546	11,588	9,673	729	956		229	17,047	217	6	160	226	14,164	212	2,062
								349		349	406	406					75	1				75		
169	168	1						116		116	368	7			1	360	4					4		
3,697	517	3,180	3,876	122	344	346	3,062	901	3	898	303	282	1	15		5	1,681					1,681		
								79,708	4,340	75,347	41,926	29,005	3,382	7,949	25	1,562	29,915	808	241	508	1,065	22,339	1,587	3,363
858	5	853	1,538		315	15	1,208	45,742	383	45,358	17,159	11,650	656	4,229	4	620	15,725	28	108	133	244	13,597	259	1,356
4		4	17			4	13	1,126		1,126	1,372	1,040	15	120	4	193	443	23		31	3	50	6	330
542	97	445	499	7		52	439	5,698	945	4,753	3,943	2,478	663	624		178	2,716	68	45	35	64	2,058	229	214
1,665	327	1,338	1,300		112	1	1,037	20,755	1,876	18,874	10,958	7,144	1,457	2,231	4	162	5,850	534	81	289	579	2,884	519	964
46		46	499				16	716	82	634	1,950	1,840	47	51		12	1,605	24	3	5	6	1,554	11	2
19		19	104			33	71	82		82	240	124		23		93	133				2	96	30	9
31		31	35		4	8	23	688	22	666	639	497	4	64		73	425	14			3	323	55	30
525	85	440	324	2	22	48	252	4,885	1,029	3,847	5,606	4,229	537	603	11	226	2,993	115	2	13	161	1,772	474	456
172	6	166	1,356			173	617	6,320	107	6,168	3,932	2,194	318	798	238	384	37,042	157	1	3	429	966	220	23
153	6	147	1,355			173	616	5,970	107	5,818	3,452	1,714	318	798	238	384	1,415	157	1	3	405	607	220	22
								182		182	479	479					236				1	235		
18		18						166		166							147				23	123		1

SUPPLEMENTARY TABLE

U.S. IMPORTS OF MERCHANDISE FOR CONSUMPTION FROM ALL COUNTRIES AND FROM JAPAN BY CUSTOMS DISTRICT OF ENTRY 1966-1967

(Value in $ million f.o.b.)

	CUSTOMS DISTRICTS	IMPORTS FROM JAPAN (A)		PERCENT CHANGE	IMPORTS FROM ALL COUNTRIES (B)		PERCENT CHANGE	JAPAN'S % SHARE (A/B x 100)		PERCENTAGE DISTRIBUTION OF IMPORTS FROM JAPAN		PERCENTAGE DISTRIBUTION OF IMPORTS FROM ALL COUNTRIES	
		1966	1967	1966-67	1966	1967	1966-67	1966	1967	1966	1967	1966	1967
	GRAND TOTAL[1]	2,948.3	2,993.7	1.5	25,366.6	26,733.1	5.4	11.6	11.2	100.0	100.0	100.0	100.0
	REGION I—BOSTON, MASS.	109.5	116.4	6.3	3,116.4	3,591.1	15.2	3.5	3.2	3.7	3.9	12.3	13.4
01	Portland, Maine	.1	.1	—	233.2	218.7	− 6.2	—	—	—	—	1.0	0.8
02	St. Albans, Vermont	—	.2	—	292.8	324.9	11.0	—	.1	—	—	1.2	1.2
04	Boston, Massachusetts	80.5	88.3	9.6	774.8	743.6	− 4.0	10.4	11.9	2.7	2.9	3.0	2.8
05	Providence, Rhode Island	3.2	1.3	−60.5	49.1	47.6	− 3.1	6.6	2.7	0.1	—	0.2	0.2
06	Bridgeport, Connecticut	4.2	4.8	13.9	100.7	111.9	11.1	4.2	4.3	0.1	0.2	0.4	0.4
07	Ogdensburg, New York	.1	.1	—	556.0	760.0	36.7	—	—	—	—	2.2	2.8
09	Buffalo, New York	21.4	21.7	1.3	1,109.8	1,386.4	24.9	1.9	1.6	0.7	0.7	4.4	5.2
	REGION II—NEW YORK CITY	974.2	961.3	− 1.3	7,785.9	7,850.8	.8	12.5	12.2	33.0	32.1	30.7	29.4
10	New York City, New York	974.2	961.3	− 1.3	7,785.9	7,850.8	.8	12.5	12.2	33.0	32.1	30.7	29.4
	REGION III—BALTIMORE, MD.	209.6	198.6	− 5.2	2,775.4	2,691.3	− 3.0	7.6	7.4	7.1	6.6	10.9	10.1
11	Philadelphia, Pennsylvania	123.0	126.1	2.5	1,512.6	1,456.0	− 3.7	8.1	8.7	4.2	4.2	6.0	5.4
13	Baltimore, Maryland	45.3	51.4	11.1	876.9	884.0	.8	5.2	5.8	1.6	1.7	3.4	3.3
14	Norfolk, Virginia	40.3	21.1	−47.7	386.0	351.3	− 9.0	10.4	6.0	1.4	0.7	1.5	1.3
	REGION IV—MIAMI, FLORIDA	140.9	132.4	− 6.0	1,562.2	1,623.2	3.9	9.0	8.2	4.8	4.4	6.2	6.1
15	Wilmington, North Carolina	18.2	15.4	−15.5	188.8	170.0	−10.0	9.6	9.1	0.6	0.5	0.7	0.6
16	Charleston, South Carolina	23.8	17.5	−25.7	308.7	295.1	− 4.4	7.7	5.9	0.8	0.6	1.2	1.1
17	Savannah, Georgia	22.1	21.7	− 2.2	221.5	226.1	2.1	10.0	9.6	0.8	0.7	0.9	0.8
18	Tampa, Florida	20.1	18.6	− 7.7	316.0	340.8	7.8	6.4	5.5	0.7	0.6	1.2	1.3
49	San Juan, Puerto Rico	33.4	33.5	.3	314.7	345.0	9.6	10.6	9.7	1.1	1.1	1.2	1.3
52	Miami, Florida	23.2	25.8	11.0	212.5	246.1	15.8	10.9	10.5	0.8	0.9	0.8	0.9
	REGION V—NEW ORLEANS, LA.	112.2	108.0	3.7	1,170.1	1,181.7	1.0	9.6	9.1	3.8	3.6	4.6	4.4
19	Mobile, Alabama	16.4	13.8	−16.1	208.2	221.3	6.3	7.9	6.2	0.6	0.5	0.8	0.8
20	New Orleans, Louisiana	95.8	94.2	− 1.6	961.9	960.5	− .1	10.0	9.8	3.2	3.1	3.8	3.6
	REGION VI—HOUSTON, TEXAS	91.8	96.4	5.0	1,041.2	1,077.9	3.5	8.8	8.9	3.1	3.2	4.1	4.0
21	Port Arthur, Texas	.4	.7	66.7	38.4	57.4	49.5	1.0	1.1	—	—	0.2	0.2
22	Galveston, Texas	5.3	4.6	−13.0	127.1	162.4	27.8	4.2	2.9	0.2	0.2	0.5	0.6
23	Laredo, Texas	1.4	.8	−42.3	202.8	194.2	− 4.2	.7	.4	—	—	0.8	0.7
24	El Paso, Texas	1.9	2.1	15.0	89.1	77.6	−12.9	2.1	2.8	0.1	0.1	0.4	0.3
53	Houston, Texas	82.8	88.1	6.4	583.8	586.3	.4	14.2	15.0	2.8	2.9	2.3	2.2
	REGION VII—LOS ANGELES, CALIF.	551.1	586.4	6.4	1,539.9	1,621.2	5.3	35.8	36.2	18.7	19.6	6.1	6.1
25	San Diego, California	17.8	21.1	18.8	76.3	89.3	17.1	23.3	23.7	0.6	0.7	0.3	0.3
26	Nogales, Arizona	.1	.1	—	111.3	110.0	− 1.1	0.1	.1	—	—	0.4	0.4
27	Los Angeles, California	533.2	565.1	6.0	1,352.4	1,421.9	5.1	39.4	39.7	18.1	18.9	5.3	5.3
	REGION VIII—SAN FRANCISCO, CALIF.	404.5	437.2	8.1	1,929.0	2,111.8	9.5	21.0	20.7	13.7	14.6	7.6	7.9
28	San Francisco, California	218.6	225.9	3.4	800.6	852.2	6.4	27.3	26.5	7.4	7.5	3.2	3.2
29	Portland, Oregon	87.2	85.6	− 1.9	210.7	219.6	4.3	41.4	39.0	3.0	2.9	0.8	0.8
30	Seattle, Washington	68.0	81.2	19.4	640.2	733.7	14.6	10.6	11.1	2.3	2.7	2.3	2.7
31	Juneau, Alaska	2.2	5.2	133.6	10.1	11.5	13.5	22.0	45.2	0.1	0.2	—	—
32	Honolulu, Hawaii	28.4	39.1	37.8	105.2	120.1	14.2	27.0	32.6	1.0	1.3	0.4	0.4
33	Great Falls, Montana	—	—	—	162.1	174.7	7.7	—	—	—	—	0.6	0.7
	REGION IX—CHICAGO, ILLINOIS	324.5	321.8	− .8	4,180.4	4,689.1	12.2	7.8	6.9	11.0	10.7	16.5	17.5
34	Pembina, North Dakota	.2	.2	—	356.3	319.9	−10.2	0.1	—	—	—	1.4	1.2
35	Minneapolis, Minnesota	5.9	5.3	− 9.6	26.6	35.3	32.8	22.3	15.2	0.2	0.2	0.1	0.1
36	Duluth, Minnesota	1.3	1.8	37.5	375.5	382.3	1.8	0.3	.5	—	0.1	1.5	1.4
37	Milwaukee, Wisconsin	10.5	9.5	− 9.5	90.2	98.5	9.2	11.7	9.7	0.4	0.3	0.4	0.4
38	Detroit, Michigan	49.9	40.4	−19.2	2,102.2	2,555.2	21.5	2.4	1.6	1.7	1.3	8.3	9.6
39	Chicago, Illinois	190.5	201.9	6.0	731.6	801.6	9.6	26.0	25.2	6.4	6.7	2.9	3.0
41	Cleveland, Ohio	49.5	45.7	− 7.6	390.8	396.7	1.5	12.6	11.5	1.7	1.5	1.5	1.5
45	St. Louis, Missouri	16.7	17.0	2.0	107.2	99.7	− 7.0	15.5	17.0	0.6	0.6	0.4	0.4
99	**Estimated low-value shipments**	30.1	35.2	16.9	266.0	292.9	10.1	11.3	12.0	0.7	1.2	0.7	1.1

District totals and commodity entries may not equal their respective sub-totals and grand totals because of rounding.

Dash (—) denotes values less than $50,000 or percentages less than 0.05%.

FOOTNOTES:

Customs Districts totaling less than $700,000 are not individually shown on the main table. The values for these districts are, however, included in the appropriate regional totals. The total shipments and principal commodities of these Customs Districts are given in the footnotes below with value figures (in thousands of dollars).

[1] Included in Region I Total: **Portland, Maine (64)**—textile fabrics (26), electrical machinery (26), fish preparations (3), other (9); **St. Albans, Vermont (182)**—machinery (174), other (8); **Ogdensburg, New York (124)**—iron and steel (37), chemicals (29), machinery (25), toys, games and sporting goods (12), other (21).

[2] Included in Region VI Total: **Port Arthur, Texas (655)**—miscellaneous manufactures (652), ships and boats (3).

[3] Included in Region VII Total: **Nogales, Arizona (139)**—machinery (68), miscellaneous manufactures (67), other (4).

[4] Included in Region VIII Total: **Great Falls, Montana (35)**—machinery (13), non-metallic mineral manufactures (12), iron and steel (4), miscellaneous manufactures (6).

[5] Included in Region IX Total: **Pembina, North Dakota (154)**—miscellaneous metal manufactures (140), other (14).

[6] The Grand Total of Group 990 includes $35 243 thousand in low-value shipments not assigned to individual Customs Districts.

SOURCE: U.S. Bureau of the Census

Mr. BURKE. Thank you. I would like you to comment on this story that appeared in the New York Times of Thursday, June 13.

Japan to Ease Quotas. Tokyo, June 13. Associated Press. Japan soon will inform the United States that beginning next year it will permit an annual import of 30,000 automobile engines, the Trade Minister said today.

Japan currently permits 1,000 foreign automobile engines to be imported annually.

The move to ease the quota is part of Japan's efforts to soften United States opposition to Japan's restrictive measures aimed particularly at the United States.

A ministry official said the government had instructed its emissary now in the United States, to relay the decision on the new quota to the United States government.

Japanese automobile officials generally were opposed to the new quota.

Apparently Japan must have many quotas that they have set up. I know they have them in footwear, and this is a kind of a sensitive subject with myself.

You represent the Trade Council and I wonder whether or not it is possible for a council like your own to bring this to the attention of the industries in Japan, those who are causing some of the problems.

It is all right for you to say all you have said about the steel industry but steel is a basic industry and if imports do get up higher than, say, 20 percent, then of course we are reaching a danger point.

In footwear this year the figure is 35 percent of domestic production, and you state here that there is a shortage of shoe workers. There is no shortage of shoe workers. Actually what has happened in my area where there is a shoe industry, is that these family-owned shoe firms have gone out of business. Many of these people who were unemployed for many years have finally gotten a job some other place and they have been away from the shoe industry and they are afraid to go back into it.

Of course if this continues to grow we will have no shoe industry or we will have no steelworkers, so I think your answers to me here fail to say anything.

I do not believe that you have solved any problems. You have just said, "Well, let the thing continue," and of course if it does there would be very little trade because when you see large industries closing down you are going to see a reaction in Congress.

Do you think it is possible to get together with the Japanese industries, say in footwear and steel, and say, "Well, here, you can't expect to get all the market. Why not take a fair share and keep it within a reasonable limit."

Do you think that this is possible, or do you think, if they are going to continue to build all these factories and all these industries over there to get the trade of America, then finally the day will come when another Smoot-Hawley Act is passed and they will have empty factories over there.

Trade barriers will be set up so there will be no trade. In other words, you can't hog all the business and expect to get it and say, "Well, we are going to take this all because this happens to be a good market for us right now. We are going to drive these other people out."

Mr. STITT. Mr. Chairman, that is about 12 questions.

Mr. BURKE. It really revolves around one question. Is there a possibility of bringing to the attention of these foreign industries, these in-

dustries that are generating this problem today, the problem that they are creating and there can be voluntary action on their part to restrict their exports to this country.

Mr. STITT. With respect to the automobile problem, liberalization of Japanese automotive imports, that is a matter currently, as you know, under active negotiation between the Governments of the United States and Japan and I understand some progress is being made in that area.

The restriction on automotive is a hangover from the days when Japan had a large number of foreign exchange controls for a balance of reasons.

These are gradually being dismantled and it is indeed the hope of our council that perhaps some speedup can be made in that process.

When it comes to the problem of footwear, sir, to the best of our knowledge, despite the fact perhaps that some small family-owned footwear concerns have gone out of business for competitive reasons, and I suggest perhaps some of the competition is from the larger footwear manufacturers in this country as well as from imports, this as an economist, I would have to say, is a natural change.

Mr. BURKE. I know there are a lot of these footwear people who are playing a dual role. I know that they have located their factories in Italy and Spain and invested their money in Japan and other countries. I know that, that they are creating a problem.

I am concerned about the American worker. That is what I am concerned about, and if they are going to glut the market as they are doing in the first quarter of this year and they continue to spiral these imports, it is going to destroy the industry.

One of the cities that I represent, the city of Brockton, a large employer in the footwear industry. It is just going to destroy this industry. I have been in office for 10 years and I think that seven shoe firms have gone out of my area since I came into office. We have to do something. Somebody has to come up with some answers, and I think your organization is in a good position to relate to the Japanese industries what is happening over here.

As I pointed out the other day, we saw the flight of the textile mills from New England. We saw other industries go out and we have areas up there where they have these tremendous mills completely empty, no one working, just ghost mills.

We don't want that to happen again.

Mr. STITT. Mr. Chairman, my understanding is that during this same time or perhaps shortly thereafter some of the newer industries, such as electronics, have moved into New England.

Mr. BURKE. That is right.

Mr. STITT. And as a result the workers in New England are making higher wages today then they were making in the footwear factories or in the textile markets.

Mr. BURKE. Of course Japan has an absolute embargo, as I understand it, on electronics, so they don't hire the same type of people. We are looking to put people to work in the ghetto areas of this country. The shoe industry, for instance, is an ideal place to take people and train them for jobs where they can work and earn a living and support their families.

Some of these people can't go into the electronic industries. They are highly technical and it is not possible to offer them enough jobs in these industries.

Mr. STITT. Sir, you say that Japan has an absolute quota on electronics?

Mr. BURKE. I have been informed that they do.

Mr. STITT. I have before me the record of exports to Japan in 1957. It shows over $78 million worth of office machines, most of which are electronic computers. It shows exports of electro-medical and radiological apparatus of $2 million and other electrical——

Mr. BURKE. A member of staff will show you.

Mr. STITT. Thank you, sir—other electrical machinery and apparatus of $59 million.

Now, it has been brought to my attention that the Governmment in Japan only permits the import of computers—how would you put this, sir?—if they are not made in Japan. The letter says, "In absolute terms, however, U.S. exports of digital computers and parts have risen as follows: 1965, $25 million; 1966, $30 million; 1967, $46 million." These are sales creating American jobs, Mr. Chairman.

Mr. FULTON (presiding). The acting chairman had to leave to vote during your recitation. Mr. Betts.

Mr. BETTS. As I understand it, they have a "Buy Japan" program in Japan. The Government leases computers and after the market is all taken care of so far as Japanese production is concerned if there is any deficiency then they permit sale of imports of computers.

Mr. STITT. You are speaking about governmental procurement, sir?

Mr. BETTS. I am talking about the Japan program. The only one that can buy them is the Government. They have the market. By law they are the only ones that can buy computers so they buy from the Japanese manufacturers and then they lease them out. They permit no purchase of imported computers unless there is a deficiency in the Japanese production.

That is the way I understand Japan works and that applies not only to computers but, as I understand it, from the enclosure attached to the June 3 letter from the Office of the Special Representative, Mr. Roth, it includes 14 items: motor vehicles, machine tools, printing and bookbinding machines, and then in addition to that a whole list of items restricted under quantitative quotas. So the point I am making is you objected to an import quota on Japanese steel, whereas Japan has this whole list of restricted items.

Mr. STITT. Mr. Congressman, as a matter of policy our council believes in free trade in both directions. I was unaware of the fact that, as seems to be indicated in this letter, digital computers are only purchased by the Government, of U.S. make if they are the only ones available.

However, we are perfectly willing to urge the Japanese Government to eliminate buy Japanese requirements, whch incidentally, I must point out don't begin to meet the buy American requirements that are applied in this country.

The Department of Defense applies a 50-percent differential upon its purchases of goods, 50 percent differential in favor of American goods, which obviously eliminates foreign goods. We might perhaps be able to negotiate with Japan if we eliminate our buy American requirements.

Possibly then they would be willing to eliminate their buy Japanese requirements, but why should they eliminate theirs while we still have ours?

Mr. BETTS. Well, of course, that isn't under consideration in the steel import quota.

Mr. STITT. They have no quota on steel imports.

Mr. BETTS. Buy American doesn't apply to steel.

Mr. STITT. Well, you were talking about digital computers a moment ago. If you want to talk about steel, there is no steel quota in Japan. The fact is we cannot sell steel to Japan because American steel is so high priced it can't compete in the Japanese market.

Mr. BETTS. Well, of course, Japanese steel can compete over here so we are asking for a quota, but the Japanese computer probably couldn't compete with an American computer but they won't let it in under the buy Japan program.

I am just simply pointing out that simply objecting to an imposition of a quota on steel by Japan is the complete answer.

Mr. STITT. We are speaking of foreign exchange controls now. Japan has liberalized I think by this stage 92 percent to 95 percent, has dismantled, of its former foreign exchange controls. There are still some items under foreign exchange control which are gradually, as I understand it, planned to be abolished.

Mr. SCHNEEBELI. Will the gentleman yield?

Mr. BETTS. Yes.

Mr. SCHNEEBELI. There are still about 123 items on a residual list and that hasn't changed much in the last 4 or 5 years.

Mr. STITT. Yes, sir. Just for the fun of it let's read some of those—live horses, meat and offal of pigs, unrendered pig meat, ham and bacon, herring, cod, hard roe of cod, sterilized meat and milk and cream with fatty content, 13 percent—we have the same thing—processed cheese, small red beans, grapes, apples, pineapples, other black tea, black tea, wheat flour, groats, and meat. Gentlemen, these are agricultural commodities.

Mr. SCHNEEBELI. May I read some more?

Mr. STITT, Yes, sir.

Mr. SCHNEEBELI. OK. How about coal, tungsten ore, motor vehicles, automobile engines, coal brickets, and similar solid fuels manufactured from coal, tariff item 2701.

Mr. STITT. In 1957 Japan bought from the United States $131 million worth of coal, coal and brickets. What this list tells you is that the Government still retains some exchange control over the purchase of coal and brickets.

Mr. SCHNEEBELI. Why is it necessary to have any list? There are lots of things on this list, aren't there?

Mr. STITT. Yes, sir; there are quite a few things, but this list is not an exclusionary list.

Mr. SCHNEEBELI. Machine tools, typewriters, grinding machines, plainers. There are lots of things on here. I can take the other extreme of this list if you take one extreme. There are a lot of items on there that are very important to our economy.

Mr. STITT. Yes, sir; but this is not a exclusionary list.

Mr. SCHNEEBELI. Don't just limit yourself to giving me a list of all these smaller items.

Mr. STITT. I think you will find that three-quarters of the list are agricultural products.

Mr. SCHNEEBELI. I don't agree with your understatement of the case.

Mr. STITT. And agricultural products are products which are restricted by every country in the world, including our own. Japan protects its agriculture community just as the United States protects its and as EEC does.

Mr. SCHNEEBELI. Are four-wheel vehicles important items?

Mr. STITT. Yes, sir, they are, and all that list says is that—this is an extremely complicated subject. The so-called cabinet order to which this letter refers is not a law. It is more of an exhortation and there is a selected list of people who can bid on Government contracts and these people can supply either American-made or Japanese-made goods, as I understand it, and price and quality being equal, the Japanese will be purchased.

I may misunderstand this but my understanding is if these selected bidders were to bid American products of this nature and it is a lower price and equality with the Japanese that the Japanese Government would buy the American.

I can't state that as a hundred-percent fact. This is just how I understand it.

Mr. FULTON. Mr. Schneebeli, do you have additional questions?

Mr. SCHNEEBELI. No.

Mr. FULTON. Mr. Conable.

Mr. CONABLE. Mr. Stitt, I asked someone earlier about importation of iron ore by Japan.

Mr. STITT. Yes, sir.

Mr. CONABLE. As I recall, the answer was that they got somewhere between 10 and 15 percent of their iron ore from this country.

Mr. STITT. I can give you an absolute figure on that.

Mr. CONABLE. What is that?

Mr. STITT. In 1957 Japan imported from the United States $42 million worth of iron ore and concentrates. Of this I would suspect 90 percent comes from California, the Eagle Mountain reserves of the Kaiser Steel Corp., and about 10 percent from Nevada.

On iron and steel scrap, $174 million of American iron and steel scrap were exported to Japan in 1957; coal, coking coal, mostly for the Japanese steel industry, $131 million. I don't have petroleum coke broken down. Most of their purchases of American petroleum coke goes into the Japanese steel industry.

Mr. CONABLE. My understanding is, there is a possibility of a sharp increase in iron ore sales to Japan because of an Arizona project involving pelletized iron ore. Do you know anything about that? I have heard something about competition with the Australians for sale of these pellets. May I ask, is Australia a major importer of Japanese steel, as we are?

Mr. STITT. First, on the Arizona project, I do understand a Japanese team took a look at that project and I don't know what conclusions they reached. Japan has many teams of experts going around the world searching out rich deposits of iron ore because Japan is absolutely deficit in iron ore.

Mr. CONABLE. This would not be rich iron ore. This would be low-grade iron ore pelletized.

Mr. STITT. Of course, but once you pelletize poor iron ore you have quite a rich supply for the blast furnace and pelletization is more and more coming to the fore, as you know.

If this is an economic process it might well be Japan would be interested. It is also true that while Australia today does not supply a tremendous quantity of iron ore to Japan, there are deposits there underdeveloped which in the future, unquestionably under long-term contract, will be supplied the Japanese steel industry.

Mr. CONABLE. My understanding is that this Arizona project could contribute 5 million tons a year over a substantial period of time and it would make a very substantial contribution to the balance-of-payments situation we have, which is, of course, one of our major concerns here.

Mr. STITT. Japan is already buying pellets from Kaiser, the Blue Mountain reduction facilities. If the Arizona project is an economic one and can be provided at the right price I see no reason why Japan wouldn't be interested, the Japanese steel industry.

Mr. CONABLE. Nobody starts out with the idea that protectionism per se is good. We have a very serious problem here and we have to find ways of balancing imports and exports. One possibility that occurs to me is this sort of exchange. I think we ought to explore it very thoroughly.

Apparently this is all very much in the preliminary stage, though. Is that correct?

Mr. STITT. From what I have seen about it. I am really not too well acquainted with that particular exploration.

Mr. CONABLE. There are no sales of pellets at the present time?

Mr. STITT. Not to my knowledge.

Mr. CONABLE. Thank you. That is all, Mr. Chairman.

Mr. FULTON. Mr. Stitt, thank you for your appearance before the committee. It has been very helpful.

Mr. STITT. You are welcome.

Mr. FULTON. The next witness is Mr. R. L. Cunningham. Mr. Cunningham, we welcome you and ask you if you will identify yourself and your associate for the benefit of the record.

STATEMENT OF RONALD L. CUNNINGHAM, COMMITTEE OF PRODUCERS OF FERROALLOYS & RELATED PRODUCTS; ACCOMPANIED BY LLOYD SYMINGTON, COUNSEL

Mr. CUNNINGHAM. Mr. Chairman and members of the committee, my name is Ronald L. Cunningham. I am president of Ohio Ferro-Alloys Corp. I appear before you today on behalf of the Committee of Producers of Ferroalloys & Related Products, which comprises virtually all of the domestic producers of such products.

My statement today is a summary of a more complete statement which we have prepared, together with pertinent charts and statistics, which I would like to submit at this point for the record, if the committee so desires.

Mr. FULTON. Without objection, your full statement will appear immediately following your oral presentation.

Mr. CUNNINGHAM. With me today is Mr. Lloyd Symington of Washington, D.C., our counsel. Mr. Bliss, president of Foote Mineral Co., one of our committee's member companies, was here but had to leave due to another appointment.

SUMMARY

The domestic producers of ferroalloys and related products, represented by our committee, are deeply concerned over the adverse effects of imports upon this industry, which is an essential part of our country's mobilization base.

We are small compared to the steel industry, but without us there would be no steel industry.

Imports of the basic ferroalloy products over the past few years have skyrocketed, and have reached levels ranging from 15 to 42 percent of the available U.S. market in 1967.

To stay competitive with these low-cost imports, domestic ferroalloy prices have been forced down to uneconomic levels in most cases. As a result, domestic profits are at inadequate levels, and declining. Producers are also finding it more and more difficult to justify the capital investments necessary for research and growth.

This process of attrition is undermining the viability of the ferroalloys industry, particularly for the future, and is contrary to our national security interests. It can be stopped only by affirmative governmental action in the form of reasonable import quotas on ferroalloy products, to permit both importers and domestic producers to share equitably on an expanding U.S. market.

Legislation to accomplish this was introduced as H.R. 13996 by Congressman Wayne L. Hays, of Ohio, on November 14, 1967, and H.R. 15417 was introduced by Congressman William R. Anderson, of Tennessee, on February 20, 1968.

A companion bill S. 2563, was introduced by Senator Howard Baker, of Tennessee, on October 20, 1967. We are here today to urge your prompt and favorable consideration of this legislation.

NATURE OF FERROALLOY INDUSTRY

The ferroalloys and related products produced by members of our committee include low-, medium-, and high-carbon ferromanganese, silicompanganese, maganese metal, low-, and high-carbon ferrochrome, ferrochrome silicon, chromium metal, ferrosilicon, and silicon metal.

Manganese is indispensable, particularly in times of national emergency, in the production of steel, aluminum, certain chemicals, and other vital products. Each ton of steel produced requires an average of almost 14 pounds of manganese.

Similarly, chromium is essential in both peacetime and wartime as an alloying element for a long list of important ferrous and nonferrous alloys. Stainles steels, for example, contain between 18 percent and 25 percent chromium.

The metallic element silicon is used to deoxidize molten steel, and to develop desirable physical and electrical properties when employed as an alloying element. Silicon is a necessary alloying agent in all aluminum castings ranging between nine to 15 percent of the total weight of the castings. Silicon metal is also the base raw material for the production of silicones utilized in a variety of special purpose products.

ESSENTIALITY OF THE FERROALLOY INDUSTRY

In 1964, the OEP found "that the ferroalloy industry is an essential part of our mobilization base." This is because conventional and stainless steels, sophisticated alloys, and many forms of aluminum and nonferrous products could not be produced without one or more of the ferroalloy products in question. And in wartime, these products are in greatly increased demand, as demonstrated in World War II, Korea, and more recently, in Vietnam.

One think we have learned in the pursuit of our objectives in Vietnam is that heavy steel weaponry is by no means outmoded by the advent of nuclear warheads and that conventional and sophisticated military hardware requiring conventionl and sophisticated steel is by no means obsolete. Indeed, the Defense Department is currently signifying its interest in this regard by designating certain ferroalloy plants as part of the industrial defense program.

In May 1963, this industry asked the OEP for relief under section 232 of the Trade Expansion Act of 1962. This application was denied in July 1964 on the ground that there was not at that time a sufficient impairment of national security.

However, conditions have further deteriorated since that time, and we feel that prompt action to control imports is the only way to prevent a drastic weakening of our industry and its mobilization base.

INCREASE IN IMPORTS

Imports of manganese ferroalloys have almost doubled since 1964 and imports of chromium ferroalloys have gone up 2½ times during that period. Moreover, by 1967, imports of the large volume ferroalloy products had captured alarming percentages of the U.S. available market; for example:

High-carbon ferromanganese—42 percent of the U.S. noncaptive market.

Medium- and low-carbon ferromanganese—26 percent of total U.S. market.

Silicomanganese—25 percent of total U.S. market.

Low-Carbon ferrochromium—31.5 percent of total U.S. market.

Imports of 75 percent ferrosilicon, the most widely used grade of silicon in world markets, jumped from almost nothing in 1961 to an estimated 31 million pounds in 1967, accounting for about 14.7 percent of the domestic market. (Exhibits A–1 through A–3 attached to my prepared statement show these figures in detail.)

Significantly, the bulk of these ferroalloy imports come from foreign facilities which in great measure were built in the interests of supplying our U.S. national stockpile requirements during the 1950–1961 period. In other words, with the foreign producers having expanded their ferroalloy capabilities far beyond their own domestic requirements—thanks largely to this U.S. encouragement—they came inevitably to look upon the U.S. marketplace as a dumping ground for their excess capacities.

DEPRESSED PRICE LEVELS

Overseas producers have a significant cost advantage over domestic ferroalloy producers in several areas. As a result, domestic prices

have been forced down to seriously depressed levels—dropping by an average of about 30 percent from 1960 through 1967. (The specific figures are shown in exhibit B attached to my prepared statement.)

This decrease in average domestic prices for ferroalloy products has ocurred over a period when the domestic production of steel—our major customer—has grown by about 30 percent. Unfortunately, however, the domestic ferroalloy industry has not shared in this growth; most of this expanded market has been grabbed off by imports.

I should add that many of these imports are coming increasingly from low-cost countries such as South Africa, India, and the Scandinavian countries, which makes it that much easier for such imports to exert injurious price pressure upon the domestic market.

Another adverse factor is the rising tide of steel imports themselves, as known to all of you and commented on here this morning. These steel imports naturally contain foreign-produced ferroalloys, which obviously serve to restrict even further the domestic market for our own ferroalloy products.

DECLINING PROFITABILITY

This invasion of low-cost foreign ferroalloys, together with the depressed domestic price levels, have had a predictably drastic effect upon the earnings and future propects of the domestic producers.

The average profitability, after taxes, of the domestic industry as a whole has declined about 7.7 percent of sales in 1965 to an estimated 5 percent in 1967—which is not an acceptable return in this industry. Several individual producers actually suffered losses on their ferroalloy production during one or more of the past 8 years.

For the manganese alloy segment, the industry's average profitability figures are even more alarming; from 7.1 percent in 1965 to an estimated net loss of 0.5 percent in 1967. This is for the industry. (See exhibit C attached to my prepared statement.)

This serious decline in earnings has been due in large part to increasing costs of wages, related services, and supplies—along with the uneconomic prices which, as shown above, domestic industry must charge to compete with lower-priced imports.

DOMESTIC PRODUCTION AND EMPLOYMENT

As I have indicated above, domestic shipments are either static, or are not keeping pace with the demands of the expanding U.S. market. Indeed, domestic shipments of manganese ferroalloys by noncaptive producers actually showed a slight decrease in 1967 as compared with 1960. In other words, despite a 30-percent expansion in the U.S. available market during that period, domestic producers are enjoying no part of that increase.

Concurrently, since 1960, employment in the various segments of the domestic industry has had little or no growth—in sharp contrast to conditions in related industries such as steel, automobiles, and agricultutral equipment. With imports taking larger and larger shares of the U.S. available market for various ferroalloy products, the result is a net "loss" of U.S. workers. In effect, jobs that normally

would have been provided by domestic industry have been and are being exported.

DISCOURAGING GROWTH CLIMATE AND PROSPECTS FOR FUTURE

During the middle 1960's, many domestic producers made substantial capital investments designed to modernize their facilities. This was at a time when demand for domestic ferroalloys and related metals had temporarily strengthened—thanks primarily to reductions in domestic prices in efforts to meet import competition, together with a substantial expansion in demand from our customers in the steel and other industries.

Unfortunately, these capital investments failed to arrest the economic disparity between foreign and domestic goods, and the U.S. producers face the future with increasing uncertainty. In particular, they lack adequate funds to support research, new technology, and similar development programs needed to keep this industry dynamic and competitive.

For example, calculations show that under today's conditions, a producer could expect a return after taxes of only about 1.2 percent if he built an 82,000-ton standard ferromanganese furnace of the most modern type. See exhibit D attached to my prepared statement.

The U.S. ferroalloy producers are thus in a serious dilemma. On the one hand, if they do not add new capacity or continue their modernization programs, the snowballing effect of their declining participation in the U.S. ferroalloy market will be accentuated in favor of imports. On the other hand, they are finding it ever more difficult to justify the capital investments needed in the future to remain viable and competitive. In most cases, the producers will have no practical economic choice under present conditions but to operate present furnaces until they are obsolete—at which point the country will be largely dependent upon foreign sources for its ferroalloy needs.

NEED FOR IMPORT QUOTAS

We, as an industry, acknowledge the need for worldwide trade. On the other hand, we do not feel we should be expected to give up increasing shares of our American market to foreign producers—at the cost of lower and lower earnings, elimination of any growth potential, and, in effect, the export of domestic jobs overseas.

The only way to prevent further deterioration is prompt action to control imports in the form of import quotas—which would permit both domestic producers and importers to share equitably in the expanding U.S. ferroalloys market.

Specifically, we urge that imports of each ferroalloy product be limited each year, in respect to estimated U.S. consumption, to the following percentages of domestic consumption which such imports accounted for during the base period 1961–65 inclusive. (See exhibit E attached to my prepared statement.) This is a relatively normal base period, prior to the recent tremendous surge of imports.

Under this approach imports of high carbon ferromanganese would be allowed 27.7 percent of the U.S. market; medium- and low-carbon

ferromanganese, 20.3 percent; silicomanganese, 12.8; manganese metal, 8.5; high carbon ferrochrome, 6.6; low carbon ferrochrome, 19.7; chromium metal, 37.4; 8–60 percent silicon ferroalloys, 1.6; 60–80 percent silicon ferroalloys, 0.9—averaging about 13.5 percent.

H.R. 13996, introduced on November 14, 1967, by Representative Wayne L. Hays, of Ohio, which is similar to the steel quota bill, would accomplish this result, also H.R. 15417 introduced by Representative William Anderson, of Tennessee, the same type of bill.

Mr. Chairman, I hope you and your committee will look carefully at the very serious import problems facing our industry, which I have tried briefly to describe. And I hope, too, that after doing so, you will agree with us on the need for prompt and favorable action on our problem.

We have filed again with the Office of Emergency Planning on May 24, 1968. No action has been taken.

(Mr. Cunningham's prepared statement follows:)

STATEMENT OF RONALD L. CUNNINGHAM, COMMITTEE OF PRODUCERS OF FERROALLOYS AND RELATED PRODUCTS

PRODUCERS AND PRODUCTS

The Committee of Producers of Ferroalloys and Related Products comprises virtually all of the producers of these products. Its members include Chromium Mining & Smelting Corp., Foote Mineral Company, Interlake Steel Corp. (Globe Metallurgical Division), Ohio Ferro-Alloys Corp., and Air Reduction Co., Inc. (Airco Alloy Division).

The products in question include low-, medium- and high-carbon ferromanganese, silicomanganese, manganese metal, low- and high-carbon ferrochrome, ferrochrome silicon, chromium metal, ferrosilicon, and silicon metal.

Manganese is indispensable—particularly in times of national emergency—in the production of steel, aluminum, welding and rod coating, welding fluxes and certain chemicals. It is needed to prevent tearing or cracking during hot-rolling and forging, and may be used also to impart such properties as strength, toughness, and hardness to structural, engineering and military steels. Every ton of steel produced requires an average of almost fourteen pounds of manganese.

Similarly, chromium is essential in both peacetime and wartime. It is used as an alloying element for a long list of important ferrous and non-ferrous alloys, including super-alloys for major space age applications, high-temperature and super-strength steels, aluminum and copper-base alloys, etc. Stainless steels, for example, contain between 18% and 25% chromium.

The metallic element silicon is used to deoxidize molten steel and to develop desirable physical and electrical properties when employed as an alloying element. It is also a raw material for the production of silicones utilized in the production of high-temperature lubricants, rubber, varnish and a variety of other special-purpose products.

ESSENTIALITY OF THE FERROALLOYS INDUSTRY

In 1964, the Office of Emergency Planning (OEP) found "that the ferroalloy industry is an essential part of our mobilization base." This is because conventional and stainless steels, sophisticated alloys, and many forms of aluminum and other non-ferrous products could not be produced without one or more of the ferroalloy products in question. And in wartime, these ferroalloy products are in greatly increased demand—as demonstrated in World War II, Korea, and more recently, in Vietnam.

One thing we have learned in the pursuit of our objectives in Vietnam is that heavy steel weaponry is by no means outmoded by the advent of nuclear warheads—and that conventional and sophisticated military hardware requiring conventional and sophisticated steel is by no means obsolete. Indeed, the Defense Department is currently signifying its interest in this regard by designating certain ferroalloy plants as part of the Industrial Defense Program.

OEP INVESTIGATION (1963–64)

In the late 1950's and early 1960's the domestic ferroalloy industry began to experience severe reversals, in part due to increasing imports of low-cost ferroalloy products produced in modern foreign facilities. Accordingly, in May 1963, the industry asked the Office of Emergency Planning for relief from imports under Section 232 of the Trade Expansion Act of 1962.

On July 17, 1964, the OEP denied this application on the ground that there was not at that time sufficient impairment of national security. While this decision seemed to discount the significance of the economic problems facing the industry, it did contain several significant statements germane to the current plight of the industry. In particular, as noted above, the OEU Director acknowledged the defense essentiality of this industry. In addition, he recognized:

> "that the industry is facing serious economic adjustments and problems; and that there is a fluidity in the *economic and import situation* which, while not presently anticipated, could be resolved *so adversely as to require further review* under Section 232 of the Trade Expansion Act. Both the Government and the industry should continue to watch present trends and potential developments regarding ferroalloys." (p. 23) (Emphasis added).

The industry feels that its "economic and import situation" has deteriorated considerably since 1964, and that only affirmative action to control imports will prevent further weakening of the industry and its mobilization base. A brief review of current and prospective conditions follows.

DETERIORATING CONDITIONS SINCE 1963–64

Paradoxically, at the time the OEP decision was released in 1964, demand for domestic ferroalloys and related metals had begun to strengthen. This was due primarily to reductions in domestic prices in efforts to meet the competition of the lower-cost imports, along with a substantial expansion of domestic demands for ferroalloys by the steel producers and others. Unfortunately, however, imports have grabbed off the lion's share of this increase.

During the past several years, the domestic ferroalloy producers made substantial efforts to improve their competitive position—including expenditures of some $75,000,000 to improve and modernize their facilities. But despite these efforts, the temporary upturn in the industry's prospects soon evaporated, and conditions are steadily deteriorating today.

INCREASING IMPORTS

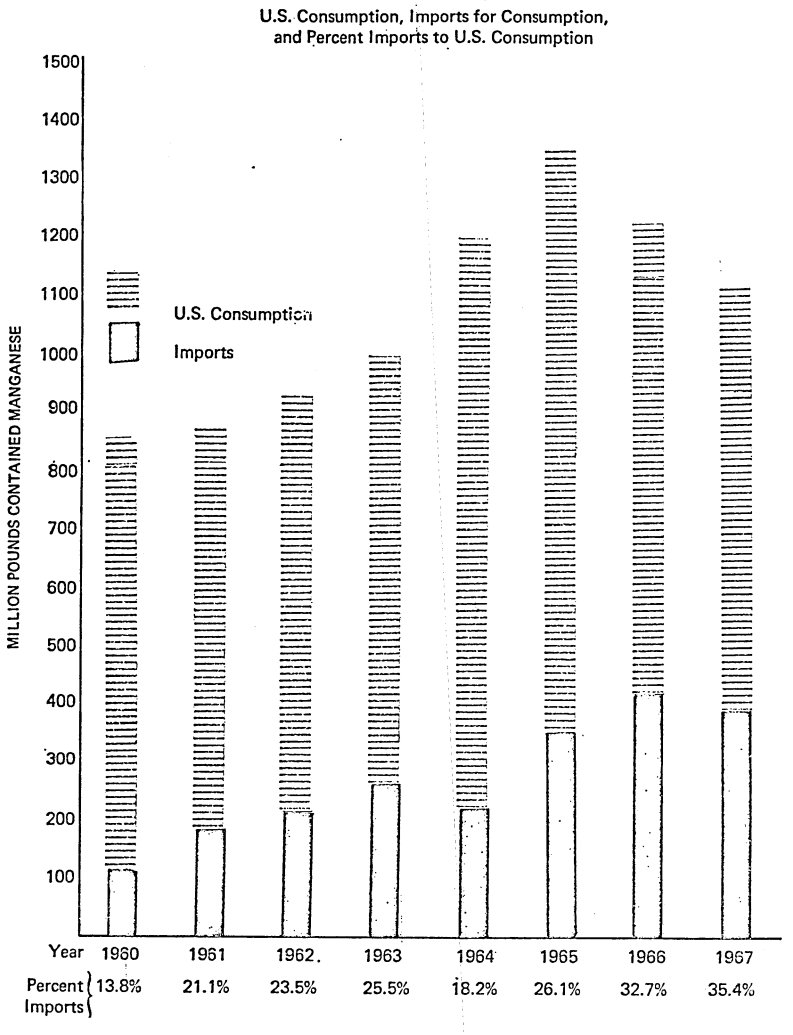
Imports of manganese ferroalloys have almost doubled since 1964, and imports of chromium ferroalloys have gone up 2½ times during that period. Moreover, by 1967, imports of the large volume ferroalloy products had captured alarming percentages of the United States available market; for example:

> High-carbon feromanganese, 42% of U.S. non-captive market.
> Medium- and low-carbon ferromanganese, 26% of total U.S. market.
> Silicomanganese, 25% of total U.S. market.
> Low-carbon ferrochromium, 31.5% of total U.S. market.

Imports of 75% ferrosilicon, the most widely used grade of silicon in world markets, jumped from almost nothing in 1961 to an estimated 31 million pounds in 1967, accounting for about 14.7% of the domestic market. (See Exhibits A–1 through A–3.)

Significantly, the bulk of these ferroalloy imports come from foreign facilities which in great measure were built in the interests of supplying our U.S. national stockpile requirements during the 1950–1961 period. However, by 1963 the Government had ceased its stockpile purchases—resulting, predictably, in substantially increased imports for the commercial market.

In other words, with the foreign producers having expanded their ferroalloy capabilities far beyond their own domestic requirements—thanks largely to this U.S. encouragement—they came inevitably to look upon the U.S. market place as a dumping ground for their excess capacities.



DEPRESSED DOMESTIC PRICE LEVELS

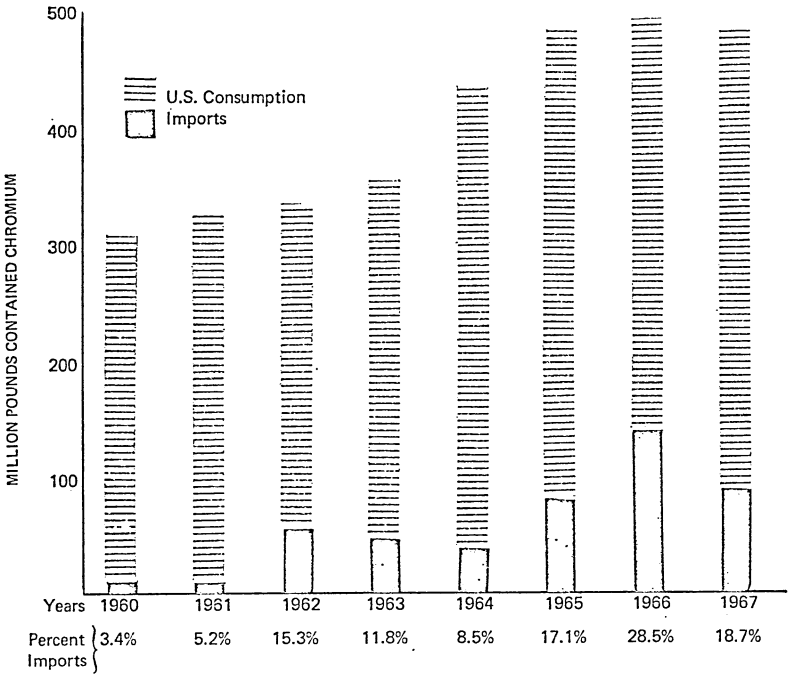
Overseas producers have a significant cost advantage over domestic ferroalloy makers in several areas, especially for labor and in being able to hold down unit costs by capacity or near-capacity operations.[1] Moreover, the declared value of ferroalloy imports has declined steadily for most items from 1960 through 1967. As a result, domestic prices have been forced down to seriously depressed levels—dropping by an average of about 30% from 1960 through 1967. (See Exhibit B.)

This decrease in average domestic prices for ferroalloy products has occurred over a period when the domestic production of steel—our major customer—has grown by about 30%. Unfortunately, however, as noted above, most of this expanded market has been taken over by imports.

[1] Also, for chromium ferroalloys, foreign producers have a special cost advantage in being able to buy their chrome ore from Rhodesia. U.S. producers must rely upon the more expensive Russian ore in view of the recent U.S. Government action forbidding such purchases from Rhodesia.

CHROMIUM FERROALLOYS

U.S. Consumption, Imports for Consumption, and Percent Imports to U.S. Consumption



Furthermore, many of these imports are coming increasingly from low-cost countries such as South Africa, India and the Scandinavian countries, which makes it that much easier for such imports to exert injurious price pressure upon the domestic market.

Another factor enhancing this pressure is the rising tide of steel imports, which naturally contain foreign-produced ferroalloys. This development obviously serves to restrict even further the domestic market for U.S.-produced ferroalloy products.

Despite the substantial price reductions in ferroalloys by the domestic producers, however, there remain price differentials between many domestic and imported alloys of from $15 to $25 per ton. It is thus clear that domestic producers in most cases cannot sell at the current prices of the imported products and maintain anything approaching a reasonable margin of profit.

DECLINING PROFITABILITY

This invasion of low-cost foreign ferroalloys, together with the depressed domestic price levels, have had a predictably drastic effect upon the earnings and future prospects of the domestic producers.

The average profitability, after taxes, of the domestic industry as a whole has declined from about 7.7% of sales in 1965 to an estimated 5% in 1967—which is not an acceptable return in this industry. Several individual producers actually suffered losses on their ferroalloy production during one or more of the past 8 years. (See Exhibit C.)

For the manganese alloy segment, the industry's average profitability figures are even more alarming; from 7.1% in 1965 to an estimated net loss of 0.5% in 1967.

This serious decline in earnings has been due in large part to increasing costs of wages, related services, and supplies—along with the uneconomic prices which,

as shown above, domestic industry muct charge to compete with lower-priced imports.

DOMESTIC PRODUCTION AND EMPLOYMENT

As indicated above, domestic shipments are either static, or are not keeping pace with the demands of the expanding U.S. market. As an example, the U.S. available market for manganese ferroalloys has grown by about 30%—i.e. increasing by some 264 million pounds in non-captive consumption between 1960 and 1967. During the same period, imports increased by about 277 million pounds. (See Exhibit A–1). Thus, despite a substantially expanding market, it appears that domestic ferromanganese producers actually shipped less in 1967 than in 1960.

Concurrently, since 1960, employment in the various segments of the domestic industry has had little or no growth—in sharp contrast to conditions in related industries such as steel, automobiles and agricultural equipment. With imports taking larger shares of the U.S. available market for various ferroalloy products, the result is a net "loss" of U.S. workers. In effect, jobs that normally would have been provided by domestic industry have been and are being exported.

DISCOURAGING GROWTH CLIMATE AND PROSPECTS FOR FUTURE

For the past several years, as shown above, important segments of the domestic ferroalloys industry have not kept pace with the tremendous expansion of the U.S. market. Imports have been increasing and profits declining, despite substantial efforts and expenditures by the industry to modernize facilities and otherwise improve its competitive position.

As a result, the U.S. producers face the future with increasing uncertainty. In particular, they lack adequate funds to support research, new technology, and similar development programs needed to keep this industry dynamic and competitive.

For example, a pro forma operating and revenue statement for a new, modern, standard ferromanganese furnace, starting from scratch, would show an investment totaling about $18,000,000 on which the expected return after taxes would be only about 1.2%. (See Exhibit D.) Few if any producers are able to justify such an investment under today's conditions.

The U.S. ferroalloy producers are thus in a serious dilemma. On the one hand, if they do not add new capacity or continue their modernization programs, the snow-balling effect of their declining participation in the U.S. ferroalloy market will be accentuated in favor of imports. On the other hand, they are finding it ever more difficult to justify the further capital investments needed to remain viable and competitive. In most cases, the producers will have no practical economic choice under present conditions but to operate present furnaces until they are obsolete—at which point the country will be largely dependent upon foreign sources for its ferroalloy needs.

NEED FOR HEALTHY DOMESTIC INDUSTRY IN EMERGENCY

In wartime emergencies, if access to oversea supplies is cut off, the increased needs for ferroalloys for steel and other vital defense items can be met only from government stockpiles, and from what domestic industry might then still be in existence.

However, the present trend of increasing imports, if not checked, will make it more and more difficult for some of the domestic industry's major segments to maintain a viable operation. And we are concerned that, without a viable domestic industry of some minimum proportions in any such emergency, the stockpiles and nondomestic sources of these products would be insufficient for national security purposes.

STOCKPILE NO SUBSTITUTE FOR HEALTHY DOMESTIC INDUSTRY

In the 1964 OEP decision, the adverse economic trends facing the domestic industry were virtually ignored from a national security standpoint on account of the relatively large government stockpiles of ferroalloys and ores. It was felt that these stockpiles would protect the national security against loss of overseas supplies in any emergency for long enough to permit "expansion" of the domestic ferroalloy industry.

But any such reliance on the stockpile would have to assume the continuing existence of a viable domestic industry that can so "expand" its capacity within

a relatively short period before the stockpiles are exhausted. For the reasons already indicated, we feel that the adverse economic trends affecting major segments of the domestic industry today, and particularly for the future, do not justify such an assumption.

To be sure, the present government stocks of ferroalloys serve to reduce the mobilization base (domestic industry capacity) considered to be needed at the beginning of any emergency. But most of these ferroalloys would represent less than a 1-year supply under conditions of increased wartime demand, assuming imports were cut off. Consequently, for a continuing emergency these stockpiles should not be considered as taking the place of a healthy domestic industry in being.

In this connection, it should be noted that the 3-year stockpile of ores obviously does not meet the problem, since these ores must first be processed into the various ferroalloy products before they can be used. The value of the ore stockpile in time of emergency is thus obviously dependent upon a viable domestic industry with the capacity to convert it into alloys before exhaustion of the ferroalloy stockpiles.

NEED FOR IMPORT QUOTAS

As shown above, major segments of the domestic ferroalloys industry already are facing serious economic problems which, under present conditions, can only get worse. And if other segments are still somewhat better off, that is only because the pattern of increasing imports is more recent in their case.

The only way to prevent further weakening and deterioration of this industry is firm action by the Government to control imports in the form of import quotas. An increase in duty rates would not be effective for this purpose, and would be inconsistent with our government's present trade policy. But an import quota system, on a reasonable percentage-of-consumption basis, would permit both domestic producers and importers to share equitably in the expanding U.S. market.

Specifically, we urge that imports of each ferroalloy product be limited each year, in respect to estimated U.S. consumption, to the following percentages of domestic consumption which such imports accounted for during the base period 1961–1965, inclusive. (See Exhibit E). This is a relatively normal base period, prior to the recent tremendous surge of imports.

	Percent
High-carbon ferromanganese	27.7
Medium- and low-carbon ferromanganese	20.3
Silicomanganese	12.8
Manganese metal	8.5
High-carbon ferrochrome	6.6
Low-carbon ferrochrome	19.7
Chromium metal	37.4
8–60% silicon ferroalloys	1.6
60–80% silicon ferroalloys	0.9

Proposed legislation to establish reasonable import quotas for ferroalloy products along these lines has been introduced in both the Senate (S. 2563, Senator Baker), and the House of Representatives (H.R. 13996 by Congressman Hays of Ohio, and H.R. 15417 by Congressman Anderson of Tennessee). (See Exhibit F). Such quota action has also been requested by these producers in their application filed with OEP on May 24, 1968, under Section 232 of the Trade Expansion Act.

CONCLUSION

The maintenance of a healthy domestic ferroalloy industry is essential to our national security. But, as a result of mounting imports, the economic health of many segments of this industry is deteriorating seriously, and the prospects of the entire industry are equally discouraging for the future. This process of attrition is clearly contrary to the interests of this industry and to our national security interests. It can be stopped only by affirmative governmental action to control its cause—the increasing flood of imports.

We urge prompt and favorable consideration of S. 2653, H.R. 13996, and H.R. 15417.

Respectfully submitted.

COMMITTEE OF PRODUCERS OF FERROALLOYS AND RELATED PRODUCTS.

EXHIBIT A–1

AVAILABLE MARKET—NON-CAPTIVE, U.S. CONSUMPTION OF MANGANESE PRODUCTS VERSUS IMPORTS FOR CONSUMPTION, 1960–67

[Value of imports shown at domestic price. Pounds and dollars in thousands. Percent whole figures]

	1960		1961		1962		1963	
	Cont. manganese, pounds	Dollars	Cont. manganese, pounds	Dollars	Cont. manganese, pounds	Dollars	Cont. manganese, pounds	Dollars
High-carbon ferromanganese: [1]								
Total U.S. consumption (noncaptive)	589,600	86,400	598,100	87,700	636,000	88,000	700,000	78,000
Imports for consumption	82,000	12,000	144,000	21,100	160,300	22,200	204,400	23,000
Percent imports	13.9		24.1		25.1		29.1	
Siliconmanganese:								
Total U.S. consumption	131,200	22,300	148,700	25,300	162,000	17,500	190,000	22,000
Imports for consumption	20,100	3,400	26,900	4,600	23,100	3,700	29,700	3,600
Percent imports	15.3		18.1		21.0		21.2	
Medium- and low-carbon ferromanganese:								
Total U.S. consumption	11,0000	26,400	104,200	25,000	111,000	29,000	125,000	29,700
Imports for consumption	16,300	3,900	13,900	2,300	22,900	6,000	26,000	6,200
Percent imports	14.8		13.3		20.6		21.3	
Electrolytic manganese:								
Total U.S. consumption	30,800	10,800	31,900	11,150	29,700	10,700	36,000	10,500
Imports for consumption	485	169	1,129	395	3,000	1,100	5,700	1,600
Percent imports	1.6		3.5		10.1		13.1	
Total (above products):								
Total U.S. consumtpion	891,600	145,900	882,900	149,150	938,700	140,200	1,051,000	140,200
Imports for consumption	118,885	20,200	185,929	31,400	220,300	33,000	265,800	34,400
Percent imports	13.8		21.1		23.5		25.5	

	1964		1965		1966		Estimate 1967	
	Cont. manganese, pounds	Dollars	Cont. manganese, pounds	Dollars	Cont. manganese, pounds	Dollars	Cont. manganese, pounds	Dollars
High-carbon ferromanganese: [1]								
Total U.S. Consumption (non-captive)	790,000	65,000	812,000	80,500	788,000	78,000	700,000	66,500
Imports for consumption	184,000	15,400	288,000	28,700	328,000	32,500	295,000	28,000
Percent imports	23.3		35.4		41.6		42.2	
Siliconmanganese:								
Total U.S. consumption	230,000	24,400	254,000	29,000	225,000	18,600	193,000	16,000
Imports for consumption	13,800	1,460	22,000	2,500	46,400	3,680	48,000	4,000
Percent imports	6.0		8.7		20.4		24.9	
Medium- and low-carbon ferromanganese:								
Total U.S. consumption	135,000	27,500	143,000	26,800	172,000	31,000	188,000	34,000
Imports for consumption	19,400	3,900	43,000	8,000	37,600	6,700	48,200	8,800
Percent imports	14.4		30.0		21.9		25.6	
Electrolytic manganese:								
Total U.S. consumption	50,700	15,300	51,200	14,800	48,400	14,000	45,000	13,000
Imports for consumption	1,760	500	2,760	800	4,030	1,200	4,600	1,330
Percent imports	3.5		5.4		8.3		10.2	
Total (above products):								
Total U.S. consumption	205,700	131,300	1,360,200	150,100	1,233,400	141,600	1,126,000	129,500
Imports for consumption	219,000	21,260	355,800	30,000	416,000	44,080	395,800	42,130
Percent imports	18.2		26.1		32.7		35.4	

[1] Includes low Fe Fe Mn.

Source: U.S. Department of the Interior and U.S. Department of Commerce.

EXHIBIT A-2

AVAILABLE MARKET—TOTAL U.S. CONSUMPTION OF CHROMIUM PRODUCTS VERSUS IMPORTS FOR CONSUMPTION, 1960–67

[Value of imports shown at domestic price. Pounds and dollars in thousands. Percent whole figure]

	1960		1961		1962		1963	
	Cont. chromium, pounds	Dollars	Cont. chromium, pounds	Dollars	Cont. chromium, pounds	Dollars	Cont. chromium, pounds	Dollars
High-carbon ferrochrome:								
Total U.S. consumption	103,650	23,000	112,100	23,200	120,550	26,600	133,800	20,000
Imports for consumption	2,550	565	6,950	1,440	14,900	2,940	7,920	1,500
Percent imports	2.5		6.2		12.3		5.9	
Low-carbon ferrochrome:								
Total U.S. consumption	124,250	42,800	132,250	42,500	132,500	42,900	166,800	37,500
Imports for consumption	7,300	2,550	8,900	2,880	34,600	11,206	31,980	7,200
Percent imports	5.9		6.7		26.1		19.2	
Chromium metal:								
Total U.S. consumption	3,200	3,750	3,550	4,150	3,700	4,350	N.A.	N.A.
Imports for consumption	435	510	1,115	1,300	1,295	1,515	1,719	N.A.
Percent imports	13.6		31.4		35.0		N.A.	
Total chromium:[1]								
Total U.S. consumption	301,400		323,900		330,900		353,600	
Imports for consumption	10,285		16,965		50,795		41,600	
Percent imports	3.4		5.2		15.3		11.8	
Average price per pound of chromium, in cents:								
High-carbon FeCr	22.2		20.7		22.0		15.00	
Low-carbon FeCr	34.4		32.4		32.35		24.20	
Chromium metal	117.0		117.0		115.00		115.00	

	1964		1965		1966		Estimate 1967	
	Cont. chromium, pounds	Dollars	Cont. chromium, pounds	Dollars	Cont. chromium, pounds	Dollars	Cont. chromium, pounds	Dollars
High-carbon ferrochrome:								
Total U.S. consumption	164,600	25,000	175,400	26,600	186,300	28,800	183,000	28,000
Imports for consumption	9,110	1,700	7,960	4,200	31,200	5,900	12,000	1,348
Percent imports	5.5		4.0		17.0		6.6	
Low-carbon ferrochrome:								
Total U.S. consumption	206,200	50,500	225,000	47,500	235,000	58,600	236,000	57,600
Imports for consumption	26,200	6,400	68,000	17,400	103,000	25,800	74,400	12,378
Percent imports	12.7		30.0		42.8		31.5	
Chromium metal:								
Total U.S. consumption	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Imports for consumption	1,465	1,680	2,024	2,300	4,980	5,400	4,140	4,050
Percent imports	N.A.		N.A.		N.A.		N.A.	
Total chromium:[1]								
Total U.S. consumption	435,300	102,000	461,300	100,900	488,800	105,000	480,000	99,000
Imports for consumption	36,800	9,800	78,900	29,200	139,000	37,200	90,000	18,000
Percent imports	8.5		17.1		28.5		18.7	
Average price per pound of chromium, in cents:								
High-carbon FeCr	15.25		15.15		15.30		15.30	
Low-carbon FeCr	22.00		25.50		25.20		24.40	
Chromium metal	115.00		115.00		108.00		97.00	

[1] Including ferrochrome silicon.
N.A.=Not available.

Sources: U.S. Department of the Interior and U.S. Department of Commerce. Available prices from American Meta Market.

EXHIBIT A–3

SILICON FERROALLOYS—TOTAL U.S. CONSUMPTION VERSUS IMPORTS FOR CONSUMPTION, 1961–67

[In thousands of pounds]

	1961	1962	1963	1964	1965	1966	1967[1]
8 to 60 percent silicon:							
Total U.S. consumption	356,616	500,668	571,530	716,958	720,086	640,000	650,048
Imports for consumption	4,527	5,044	3,934	3,541	28,056	35,752	29,130
Percent imports	1.3	1.0	.7	.5	3.9	5.6	4.5
60 to 80 percent silicon:							
Total U.S. consumption	151,910	171,436	171,174	228,562	232,950	206,600	212,384
Imports for consumption	76	102	1,303	2,082	4,804	24,290	31,174
Percent imports	.05	.05	.8	.9	2.1	11.8	14.7
80 to 90 percent silicon:							
Total U.S. consumption	11,006	18,304	29,270	32,702	50,326	40,400	45,584
Imports for consumption					442	668	370
Percent imports					.9	1.7	.8
90 percent or over:							
Total U.S. consumption	14,098	7,164	4,604	3,256	1,048	1,000	1,240
Imports for consumption							
Percent imports							
Silicon metal:							
Total U.S. consumption	46,506	122,768	130,010	143,180	154,356	152,000	167,760
Imports for consumption	62	24				3,160	186
Percent imports	.1	.02				2.1	.1

[1] Consumption figures annualized based on 1st 3 quarters.

Source: U.S. Department of Interior and U.S. Department of Commerce.

EXHIBIT B

DOMESTIC PRICES OF MANGANESE ALLOYS

[In cents per pound manganese]

Year	High-carbon ferromanganese	Silicon manganese	Medium-carbon ferromanganese	Electrolytic manganese
1960	15.2	17.8	23.5	35.3
1961	15.1	17.0	23.3	35.0
1962	13.1	15.5	22.6	33.7
1963	11.9	12.8	18.4	32.3
1964	11.6	11.4	17.1	30.1
1965	12.1	12.4	17.0	31.0
1966	11.5	12.7	16.7	31.2
1967	10.8	12.6	16.5	30.3

Source: "American Metals Market," and "Steel" magazine.

DOMESTIC PRICES OF CHROMIUM ALLOYS (CONTAINED CHROMIUM)

[In cents per pound]

Year	High FeCr (charge chrome)	40–43 percent FeCrSi	Low carbon FeCr
1960	22.2	17.75	34.
1961	20.7	16.20	32.
1962	19.75	12.10	32.3
1963	15.8	11.10	24.2
1964	14.4	11.80	22.0
1965	16.3	12.0	25.5
1966	16.1	12.0	25.2
1967	16.0	12.5	24.5

Source: "American Metals Market," and "Steel" magazine.

EXHIBIT C

FERROALLOYS AND RELATED PRODUCTS—INDUSTRY SALES AND PROFITS, 1960-67

[Dollar amounts in thousands]

	All ferroalloys [1]			Manganese alloys [2]		
	Total sales	Net profits after taxes	Average percent profits to sales	Total sales	Net profits (or loss) after taxes	Average percent profits (or loss) to sales
1960	$217,406	$5,370	2.5	$72,108	$4,937	6.8
1961	227,920	8,528	3.7	73,301	5,718	7.8
1962	231,467	2,599	1.1	70,738	2,237	3.2
1963	231,711	3,068	1.3	68,687	2,133	3.1
1964	291,047	7,407	2.5	86,245	5,490	6.4
1965	326,932	25,313	7.7	91,449	6,448	7.1
1966	347,047	22,772	6.6	99,021	3,726	3.8
1967 (estimated)	297,804	14,933	5.0	80,155	(387)	(.5)

[1] Based on sales and net profits (or losses) of all ferroalloys and related products by 7 producers.
[2] Based on sales and net profits (or losses) of manganese alloy products, including manganese metal, by sll such producers (other than Interlake, whose production of such products is negligible).

Note: The foregoing net profit figures for the industry as a whole include, in some cases, losses by individual companies. Some of the net profit figures for manganese alloys include estimated figures by certain producers who do not break down their profit figures by product lines. Some of the sales figures include barter transactions by one producer. Figures for 1960 and 1961 are lacking data pertaining to 1 producer (whose figures were available only from 1962 on).

EXHIBIT D

Pro forma operating and revenue statement for new standard ferromanganese facility (82,000 net ton capacity)

	$M/Yr.
Fixed capital	$12,166
Working capital:	
Cash	
Accounts receivable	5,780
Inventory	
Total investment	17,946
Net income from sales (82,000 net tons @ $142.76, U.S. domestic market price)	11,706
Cost of goods shipped (with contract power @ 5 mills/Kw hour)	8,520
Distribution	708
Gross margin	2,478
Overhead	784
Operating income	1,694
Depreciation	676
Interest (@ 6½% x average investment)	583
Pre-tax income	435
Income taxes @ 50%	217
Return on investment—income	218
% return on investment	1.2%

EXHIBIT E

U.S. CONSUMPTION OF MAJOR FERROALLOY PRODUCTS VERSUS IMPORTS FOR CONSUMPTION, 1961–65

[In thousand-pound contained]

	High-carbon ferromanganese			Medium- and low-carbon ferromanganese			Silico manganese		
	U.S. consumption (noncaptive)	Imports	Percent imports	U.S. consumption	Imports	Percent imports	U.S. consumption	Imports	Percent imports
1961	598,100	144,000	24.1	104,200	13,900	13.3	148,700	26,900	18.1
1962	636,000	160,300	25.1	111,000	22,900	20.6	162,000	34,100	21.0
1963	700,000	204,400	29.1	125,000	26,000	21.3	190,000	29,700	15.6
1964	790,000	184,000	23.3	135,000	19,400	14.4	230,000	13,800	6.0
1965	812,000	288,000	35.4	143,000	43,000	30.0	254,000	22,000	8.7
Total	3,536,100	980,700		618,200	125,200		984,700	126,500	
Average percent 1961–65			27.7			20.3			12.8

	Manganese metal (electrolytic manganese)			8–60 percent silicon ferroalloys			60–80 percent silicon ferroalloys		
	U.S. consumption								
1961	31,900	1,129	3.5	357,000	4,500	1.3	152,000	76	.05
1962	29,700	3,000	10.1	501,000	5,000	1.0	171,400	102	.05
1963	36,000	5,700	13.1	571,500	3,934	0.7	171,100	1,300	.8
1964	50,700	1,760	3.5	717,000	3,500	0.5	228,500	2,000	.9
1965	51,200	2,760	5.4	720,000	28,000	3.9	233,000	5,000	2.1
Total	169,500	14,349		2,866,500	44,934		956,000	8,478	
Average percent 1961–65			8.5			1.6			.9

	Low-carbon ferrochrome			High-carbon ferrochrome			Chromium metal		
1961	132,250	8,900	6.7	112,100	6,950	6.2	3,550	1,115	31.4
1962	132,500	34,600	26.1	120,550	14,900	12.3	3,700	1,295	35.0
1963	166,800	31,980	19.2	133,800	7,920	5.9	3,800	1,719	45.1
1964	206,200	26,200	12.7	164,600	9,110	5.5	N.A.	(1,465)	
1965	225,000	68,000	30.0	175,400	7,960	4.0	N.A.	(2,024)	
Total	862,750	169,680		706,450	46,840		11,050	4,129	
Average percent			[1] 19.7			6.6			[2] 37.4

[1] For 1961–65.
[2] For 1961–63.
N.A.=Not available.

Source: Tables 1, 3, and 5.

[H.R. 13996, 99th Cong., first sess. introduced by Representative Wayne L. Hays, Nov. 14, 1967]

A BILL To regulate imports of ferroalloys and related products into the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Ferroalloys and Related Products Import Control Act of 1967".

SEC. 2. The Congress finds that increased imports of ferroalloys and related products have adversely affected the United States balance of payments, contributed substantially to reduce employment opportunities for United States workers in the ferroalloys and related products industry, and captured such increasing share of the market for such products in the United States as to

threaten the economic viability of the said domestic industry and the national security. It is, therefore, declared to be the policy of the Congress that access to the United States market for ferroalloys and related products produced abroad should be on an equitable basis to alleviate United States balance-of-payments problems, provide an opportunity for a strong and expanding United States ferroalloys and related products industry, and prevent further disruption of United States markets and unemployment of United States workers in that industry.

SEC. 3. The President shall by proclamation restrict the total annual imports of ferroalloys and related products to an amount determined by applying the percentage of total imports to total domestic consumption during the years 1961 through 1965, inclusive, to total domestic consumption during the year immediately preceding the year in which the restriction is to apply.

SEC. 4. The President shall apportion such total imports so that the percentage of imports in a particular category (as defined in section 8(2) below) in any year to total imports shall not exceed the average percentage of imports in that category to total imports during the years 1961 through 1965, inclusive.

SEC. 5. (1) Within the limitations imposed under sections 3 and 4, the President may adjust the share of United States imports in any category which may be supplied by any nation. In making this adjustment the President shall be guided principally by historical import patterns, but may modify such patterns to accommodate interests of developing nations or other changing conditions of international trade.

(2) The President may suspend any proclamation made under section 3 or 4 or increase any quantity proclaimed under such section if he determines and proclaims that such action is required by overriding economic or national security interests of the United States, giving special weight to the importance to the Nation and the national defense of the economic well-being of the domestic producers of ferroalloys and related products.

SEC. 6. (1) The amount of imports of any category in either half of any year shall not exceed 60 per centum of the total permissible amount of imports in that category for such year.

(2) Should any limitation take effect on any day other than January 1 of a year, such limitation shall apply pro rata during the remaining portion of such year.

SEC. 7. (1) Imports limitations established by this Act shall be administered by the Secretary of Commerce. The Secretary may issue such regulations as may be necessary or appropriate to carry out the purpose of this Act.

(2) Upon the expiration of five years after the date of enactment of this Act, the Secretary of Commerce shall submit a report to the Congress as to the effects of the import limitations established under this Act upon (a) the United States balance of payments, (b) the economic viability of the ferroalloys and related products industry, (c) employment opportunities in such industry, and (d) the national security, together with his recommendations as to whether such import limitations should be continued, modified or revoked. Before making such report, the Secretary shall conduct an investigation and hearing at which all interested parties shall have an opportunity to be heard.

SEC. 8. As used in this Act—

(1) The term ferroalloys and related products" means low- and high-carbon ferrochrome, low-, medium-, and high-carbon ferromanganese, ferrosilicon, ferrochrome silicon, siliconmanganese, chromium metal, manganese metal, and silicon metal in the categories defined blow.

(2) The term "category" or "categories" means one or more of the following seven-digit item numbers appearing in the Tariff Schedules of the United States Annotated (1965) published by the United States Traiff Commission as in effect on the date of enactment of this Act:

607.3000	607.5000	632.3200
607.3100	607.5100	632.4200
607.3500	607.5200	
607.3600	607.5300	
607.3700	632.1800	

(3) The term "imports" refers to United States imports in any category or categories within the meaning of paragraph (2) of this section.

(4) The term "consumption" means, with respect to any category or with respect to all categories, the sum of United States mill shipments plus imports minus United States exports.

(5) The term "year" means calendar year.