

Any action taken to further increase production costs of domestic coal cannot fail to further weaken coal's competitive position in markets where even a few cents per ton might swing a decision for or against one fuel.

The same argument holds true for other domestic extraction industries which must compete on both domestic and world markets, and where an inability to so compete inevitably results in a weakening of our domestic metals and minerals resources position.

There are already examples of U.S. production losing out to foreign sources in several fields and, while that may not result from cost differentials, certainly they are significant in assessing our ability to remain self-sufficient for vital raw materials in the future, and certainly any Federal action which would increase domestic production costs would tend to add to this already apparent trend.

Between 1951 and 1966, domestic production of iron ore decreased from 118.4 million tons to 90 million tons, while imports increased from 10 million tons to 46.3 million tons. This meant an increase of about \$400 million in our balance-of-payments deficit.

In the same period, our production as a percent of world production dropped from 40.4 to 14.6 percent. Thus, while U.S. production of iron ore was declining almost 28 million tons, total annual world production was increasing by 325 million tons.

You probably saw in the paper where the Yamada and Fuji steel companies of Japan are merging and will be the largest steel company in the world.

In 1951, we produced 1,878,000 tons of bauxite, the raw ore for aluminum, and imported 2,830,000 tons. In 1966, we were still producing less than 2 million tons, but we imported 11,529,000 tons. Thus, the growth of our aluminum raw material ore consumption was all from foreign production. It might be noted that the cost of the 1966 imports was \$147.3 million, compared to about \$20 million as the value of our domestic production.

The U.S. production of crude petroleum was 2,245 million barrels in 1951, or 52.4 percent of world production. In 1966, it had increased to 3,027,763,000 barrels but world production had multiplied about six times, to almost 12 billion barrels, and U.S. production by then was only 25.3 percent of world production. Meantime, crude petroleum imports had grown from 8 percent of domestic production to 14.7 percent.

Perhaps the clearest warning that has been issued against the growing dependency of foreign sources of metals, minerals, and fuels came from Dr. Walter Hibbard, then Director of the U.S. Bureau of Mines, on March 21 of this year. I know he has been quoted once before but I think it is worth emphasis.

Dr. Hibbard told the Subcommittee on Minerals, Materials, and Fuels of this Senate Interior Committee that a long-range study which he had had the Bureau make had revealed, and I quote his words:

... a situation that is emerging which appears to threaten both the adequacy and dependability of our supply of minerals and mineral fuels.

Mr. Chairman, these are startling words coming from the Government official charged with primary responsibility for compiling factual information on minerals, fuels, and other mining products. They