1123-2

SUSPENSION OF IMPORT DUTY ON COPPER

HEARING

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

EIGHTY-FOURTH CONGRESS

FIRST SESSION

ON

H. R. 5695

AN ACT TO CONTINUE UNTIL THE CLOSE OF JUNE 30, 1958, THE SUSPENSION OF CERTAIN IMPORT TAXES ON COPPER

MAY 27, 1955

Printed for the use of the Committee on Finance

UNITED STATES
GOVERNMENT PRINTING OFFICE
63372 WASHINGTON : 1955

COMMITTEE ON FINANCE

HARRY FLOOD BYRD, Virginia, *Chairman*

WALTER F. GEORGE, Georgia
ROBERT S. KERR, Oklahoma
J. ALLEN FREAR, Jr., Delaware
RUSSELL B. LONG, Louisiana
GEORGE A. SMATHERS, Florida
LYNDON B. JOHNSON, Texas
ALBEN W. BARKLEY, Kentucky

EUGENE D. MILLIKIN, Colorado
EDWARD MARTIN, Pennsylvania
JOHN J. WILLIAMS, Delaware
RALPH E. FLANDERS, Vermont
GEORGE W. MALONE, Nevada
FRANK CARLSON, Kansas
WALLACE F. BENNETT, Utah

ELIZABETH B. SPRINGER, *Chief Clerk*

CONTENTS

SUSPENSION OF IMPORT DUTY ON COPPER

FRIDAY, MAY 27, 1955

UNITED STATES SENATE,
COMMITTEE ON FINANCE,
Washington, D. C.

The committee met, pursuant to call, at 12:05 p. m., in room 312, Senate Office Building, Senator Harry Flood Byrd (chairman) presiding.

Present: Senators Byrd and Malone.

Also present: Elizabeth B. Springer, chief clerk.

The CHAIRMAN. The committee will come to order.

The matter before the committee is H. R. 5695, to continue until the close of June 30, 1958, the suspension of certain import taxes on copper.

I submit for the record the text of H. R. 5695 and the reports of the Departments of Defense, Commerce, State, and Treasury, all of which advocate passage of this legislation.

(H. R. 5695 and departmental reports follow:)

[H. R. 5695, 84th Cong., 1st sess.]

AN ACT To continue until the close of June 30, 1958, the suspension of certain import taxes on copper

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to suspend certain import taxes on copper", approved May 22, 1951 (Public Law 38, Eighty-second Congress), as amended, is hereby further amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1958".

Passed the House of Representatives May 5, 1955.

Attest:

RALPH R. ROBERTS, *Clerk.*

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE,
LEGISLATIVE AND PUBLIC AFFAIRS,
Washington 25, D. C., May 16, 1955.

Hon. HARRY FLOOD BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR MR. CHAIRMAN: Reference is made to the request of your committee for the views of the Department of Defense on H. R. 5695, a bill to continue until the close of June 30, 1958, the suspension of certain import taxes on copper.

It should be noted that the proposed legislation would extend the suspension of certain import taxes on copper for a period of 3 years, rather than for the usual 1-year period.

At the present time, supplies of domestic copper are sufficient to meet military requirements. However, large quantities of foreign copper must be imported to meet combined military and industrial needs.

Therefore, in consideration of the above, the Department of Defense has no objection to the enactment of the proposed legislation.

The Bureau of the Budget has advised that there is no objection to the submission of this report to the Congress.

Sincerely yours,

RICHARD A. BUDDEKE,
Director, Legislative Programs.

THE SECRETARY OF COMMERCE,
Washington 25, D. C., May 18, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington 25, D. C.

DEAR MR. CHAIRMAN: This is in reply to your request of May 10, 1955, for the views of this Department with respect to H. R. 5695, an act to continue until the close of June 30, 1958, the suspension of certain import taxes on copper.

This Department recommends enactment of this legislation.

At the present time, we are faced with a short supply of copper raw materials, and an unprecedented demand for copper from the automotive and durable goods industries. To meet the supply situation domestic industry normally imports more than one-fourth of the copper which it consumes. The attached table gives the statistics on domestic production and import for the year 1954 and the first quarter of 1955. It appears that domestic requirements for copper will increase and that domestic production cannot be increased correspondingly. Failure to continue the suspension of import duties would not only result in an increase in the price of foreign copper to domestic users but might also result in a loss of imports. In fact, at the present time, imports have decreased to some extent due to the higher European market. Where the need for large quantities of foreign copper is so apparent, it is believed to be essential to encourage the flow of imports by suspending the tariff. This is especially true since the suspension can have no possible adverse effect upon the domestic industry, which has been incapable of producing sufficient refined copper to meet current domestic needs.

The provisions of the present law which H. R. 5695 would extend appear to have sufficient safeguards against a reduced demand. If demand falls, the price of copper likewise would fall. If the price goes below 24 cents per pound the tariff would be reimposed automatically by administrative action.

For these reasons we recommend enactment of H. R. 5695.

We have been advised by the Bureau of the Budget that it would interpose no objection to the submission of this letter.

Sincerely yours,

WALTER WILLIAMS,
Acting Secretary of Commerce.

Supply of refined copper

[Thousands of short tons]

	1954					1955, 1st quarter [2]
	1st quarter [1]	2d quarter [1]	3d quarter [1]	4th quarter [2]	1954 year [2]	
Total production and imports	378	458	386	386	1,608	378
Production, domestic ores and scrap	259	268	222	283	1,032	273
Foreign ores	79	110	97	79	365	75
Imports of refined	40	80	67	24	211	30
Foreign copper	119	190	164	103	576	105
Percent of total	31.5	41.5	42.5	26.7	35.8	27.8

[1] Actual reported data.
[2] Estimated by the Copper Division.

DEPARTMENT OF STATE,
Washington, May 11, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate.

DEAR SENATOR BYRD: I refer to your letter of May 10, 1955, transmitting for the views of the Department of State a copy of H. R. 5695, to continue until the close of June 30, 1958, the suspension of certain import taxes on copper.

The requirements of the United States for copper, including defense and stockpiling requirements, substantially exceed domestic production. At current high prices for copper it does not appear that the tax is necessary for the protection of American producers. Under the proposed legislation the tax would apply at prices below 24 cents per pound. The interests of American producers would, therefore, seem adequately protected under a 3-year extension.

Reinstatement of the copper tax when it is clearly unnecessary for the protection of domestic producers would, however, have an adverse effect on our relations with friendly foreign countries, principally Chile, which export copper to us.

The Department, therefore, supports the enactment of H. R. 5695.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

THRUSTON B. MORTON,
Assistant Secretary
(For the Acting Secretary of State).

TREASURY DEPARTMENT,
GENERAL COUNSEL,
Washington, D. C., May 18, 1955.

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to your letter of May 10, 1955, requesting a statement of this Department's views on H. R. 5695, to continue until the close of June 30, 1958, the suspension of certain import taxes on copper. You stated that if the Department's views are the same as those expressed in a report to the Committee on Ways and Means, copies of that report would be satisfactory.

This Department did not submit a written report to the Committee on Ways and Means on H. R. 5695. However, it did report on an identical bill, H. R. 3202. There are enclosed copies of the Department's report on H. R. 3202.

Very truly yours,

DAVID W. KENDALL, *General Counsel.*

[Copy]

MARCH 8, 1955.

Hon. JERE COOPER,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, D. C.

MY DEAR MR. CHAIRMAN: Reference is made to your letter of February 2, 1955, requesting a statement of this Department's views on the bill (H. R. 3202) to continue until the close of June 30, 1958, the suspension of certain import taxes on copper.

The proposed legislation would amend the act of May 22, 1951 (Public Law 38, 82d Cong.), to continue until June 30, 1958, the suspension of the import taxes imposed by the Internal Revenue Code on articles other than copper sulphate and other than composition metal provided for in paragraph 1657 of the Tariff Act of 1930, as amended, which is suitable both in its composition and shape, without further refining or alloying, for processing into castings, not including as castings ingots or similar cast forms. The present suspension will terminate on June 30, 1955.

It is suggested that the bill also provide for the substitution of "section 4541 of the Internal Revenue Code of 1954" for "section 3425 of the Internal Revenue Code" in both places where the latter appears in the act of May 22, 1951.

This Department anticipates no unusual administrative difficulties under the proposed legislation and would have no objection to its enactment.

The Department has been advised by the Bureau of the Budget that there is no objection to the submission of this report to your committee.

Very truly yours,

H. CHAPMAN ROSE,
Acting Secretary of the Treasury.

The CHAIRMAN. The Chair recognizes Senator Malone.

STATEMENT OF HON. JOHN W. MALONE, UNITED STATES SENATOR FROM THE STATE OF NEVADA

Senator MALONE. Mr. Chairman, since 1949 I have been appearing before the committee on this matter and, as the chairman knows, the principle here is no different from the principle embodied in H. R. 1 that passed the House and Senate and is now a law, allowing the Executive through the State Department and the Geneva GATT to make trade agreements and multilateral agreements to which we are bound.

DUTY NEEDED WHEN SUBSTANTIAL PRODUCTION

Mr. Chairman, much is made of the point that we do not produce all the copper we need—which has nothing whatever to do with the subject, except that when you adopt a free-trade attitude toward a product in the country where the wage standard of living, the taxes, and the cost of doing business are greater than in the chief competitive country, then you remove the incentive to produce more of the article here. Not only would you not be likely to produce more but you are most likely to produce less.

TREAT LOW GRADE

In this product there exists a special situation. It requires a lot of money to go into the copper business on a large scale, because of the mining of large quantities of ore and, of course, the rock along with it which is waste because of the low grade. We treat copper in this country much lower than 1 percent with the methods worked out years ago by D. C. Jackling.

He came out of the laboratory with a method of working 1 percent or less at a profit on a large scale, and naturally these copper pits in Utah, Arizona, Nevada, and New Mexico are the result.

Also, Mr. Chairman, Michigan and other places have great potential value.

NO DUTY ON 60 PERCENT OF VALUE OF IMPORTS

But we have never had, the testimony will show, a tariff or duty on approximately 60 percent of the value of all the products imported into the United States. No duty has ever been installed on any product unless a substantial amount is or can be produced in this Nation.

But wherever you produce a substantial amount (that would be in the judgment of the Tariff Commission, an agent of Congress, or the Congress itself), then the tariff is to make up the difference between the wage standard of living, the taxes and other costs of doing business between this Nation and the chief competitive nation on each product. Because this is adjustable under the existing 1930 act, it could be made very efficient.

FREE TRADE THE OBJECTIVE

This is the way toward real free trade—which is the objective of all of us—because the tariff and duty would diminish according to the rise in their wage-living standard and their costs of doing business. When these factors are equal, then there will be no need for a duty. It is automatically free trade.

COPPER COMPANIES—FOREIGN HOLDINGS

The argument that there is no objection from the copper companies is ridiculous, because the copper companies themselves are interested in the foreign deposits. Two copper companies which are now the largest foreign producers in the balance of production between the United States and Chile are probably two of the best known companies in the United States, regardless of the type of companies, certainly copper companies.

The three major companies that amount to anything produce approximately 80 percent of domestic production—Kennecott, Anaconda, and Phelps-Dodge.

No criticism could attach to those companies. They are top companies in their operation. But they want to do exactly as the large oil companies want to do. The major oil companies testified before this committee that they wanted to be the judge of how much petroleum is brought in and how much is produced in the United States. That is exactly what is contemplated here with copper and what has been done under this situation as long as it has existed.

FOREIGN TRADE AND FREE TRADE

Another thing that has been mouthed around in this country and sold to Members of Congress—is that we must have foreign trade—and so must have free trade.

I want to say to you that the foreign trade that we have has nothing to do with the free trade whatever, you do not have as great a percentage of exports, of exportable goods at this moment as you had before the 1934 Trade Agreements Act—when you deduct the money and food gifts to foreign nations—and the defense materiel.

That I adequately proved in my debates on the Senate floor.

But the public only hears the statements emphasized on the radio and television, by the free-traders and the one-economic-worlders throughout the Nation, that we must have foreign trade. They do not know that a duty or tariff does not prevent imports. It brings them in on our level of costs, when needed and guarantees the workingmen and the investors of this Nation equal access to their own market.

This business should be financed through private investment. No new private investment will go into the copper business outside of the companies now in operation as long as this setup continues, because there is no protection from the copper produced by the cheap foreign labor.

As proof of that fact, just a few years ago a copper company in Arizona was allocated $94 million of the taxpayers' money to go further into the copper business. I did not oppose it, because you have to have the money to go into it and as long as you have free trade, private investment will not put the money in without the Government as a partner. So it is up to the Government to put taxpayers' money in if they want to produce more copper.

One hundred million dollars went to the American Smelting and Refining Co. to establish a new copper mine in Peru in November 1954. Now, I saw this ground. There are no real mining operations there yet, but the exploration and the drilling of the deposit are going on, and all reports are good. The ground is being developed.

Perhaps in 2 years there will be a tremendous production out of Peru. I certainly hope so, because it is in the Western Hemisphere and it can be protected and maintained in the event of a war.

I just want to make it a matter of record here. The average price of copper right now in this country is 35 to 36 cents, announced by the very companies that are for this free trade. The production that they have, we will say, in Yerington, Nev., where a floor of 24½ cents was guaranteed by the Government, is of no force or effect now, because the price is maintained above that amount. It is a protection to the company that is established, the Anaconda Copper Co., but it is not enough to justify new investments. The price is now 35 to 36 cents, set by the 3 great copper companies in this country—and there is no principle maintained by Congress, Mr. Chairman. That is what I am trying to emphasize, and have been ever since I have been in the Senate, that you must have a principle maintained by Congress of adjusting the duty on the basis of fair and reasonable competition or in the absence of a guaranteed price no private money will come in.

If there was a principle of fair and reasonable competition, that the tariff and duty would represent the difference in domestic and foreign costs, then private money would be available to go into these known copper deposits and yet to be discovered deposits in the United States of America.

No exploration is going on now except by these three companies. This new operation of Anaconda in my State—and I might say that probably no human being would be rash enough to oppose something that these companies want—because they have tremendous political influence. I do not believe it is good for them in the long run. I was informed this morning that Anaconda is spearheading this effort, and it does not represent Kennecutt.

I just want to point out under the present setup that no money is going into the copper business, outside of government money when they want to extend production, except the companies already in the business who own the foreign deposits. Thus they can balance the production and put anybody out of business.

The copper can drop to 25 cents and might drop to 20 with a new output big enough to make a dent in the market, a hundred thousand dollar outfit. Then there would be price war, and the price would go back to 36 cents, just like a gas war.

COPPER IN CHILE

But the Anaconda in Chile, I investigated their process there and their operation. It is a very efficient process. They talk about our know-how and all that, but they have the best smelter in the world, because it was the last one built. And it is a good smelter. Now, under the circumstances—I had a long talk with the President of Chile, who is one of the finest men I have met and who is trying to do the best he knows how for this country. They have a longstanding contract that Anaconda furnishes beef to the workers at 0.9 cent a pound; it costs about 12 cents there. They sell shoes for 15 cents a pair; it costs about $2.50 in United States currency.

There are other items of food and clothes that are a similar proposition. This is under the 1932 contract with the mine union, and cannot be changed, at least at this time.

The company is still stuck with that arrangement.

Now, at the same time, or approximately the same time, that they made a contract with the workers there, they made a contract with the Government that they would pay 19 pesos. Over the years, inflation went up to as high as 160 pesos to the dollar, but they still had to pay a dollar for each less than 20 pesos.

I understand that a rearrangement is being made in that regard. I like to feel, Mr. Chairman, that I had some influence there—not that I tried to influence the President at all, but we pointed out what the engineers have long called—which must exist before new money will come into a country—an investment climate.

When you take advantage of the currency in that form, it is not a favorable investment climate.

Foreign price, is around 41 to 45 cents a pound, paid for with our money. We leave it to Europe and Asia to bid against us on copper. If we quit that, the price would go down to a reasonable price, just like we have it here. Maybe it would go down to around 30 cents.

Now, Mr. Chairman, in a report that was made by the subcommittee of the Interior and Insular Affairs Committee, the Minerals, Materials, and Fuels Economic Subcommittee investigated that situation very throughly. I want to give you excerpts from this report.

RATIONING UNDER INTERNATIONAL MATERIALS CONFERENCE

Copper was rationed under State Department control over the International Materials Conference, and Representative Martin, who is now Senator Martin, in his testimony before the committee, traced the operations of the International Materials Conference and showed how its "entitlements for consumption," whatever that might mean, lowered the American standard of living following the plan of equality of sacrifice already described.

Now, during that period, they controlled the price and the allocation of copper, they did not control the foreign price. The foreign price was 36 cents, and our price was around 24 cents. That is where I supposed the 24 cents came from that is set in this bill: it was set in an earlier bill, at least, that when it goes below that point, the 2 cents duty would be reimposed.

I want to point out at this time, Mr. Chairman, that there was a 4-cent duty set by the Congress through the Tariff Commission. Then at Torquay in 1947 or at Geneva, the 34 nations there in the General Agreement on Trade and Tariff cut the duty in two with an agreement with Chile, and of course, under the most-favored-nations clause, every nation on earth except Russia—I think Russia is excluded—gets the same consideration, meaning that South Africa will also benefit by it. when their copper deposits are developed that are now spearheaded by the English and I think some of our people are also interested in it

UNITED STATES GOVERNMENT PAYS NO DUTY

I want to point out too, while I am talking about the tariff, in the hearings on July 27, 1950, page 19 of that report on House Joint

Resolution 502, in a debate between Senator Taft and myself he contended that tariff increased national defense costs. He made much of $40 a ton; $40 a ton doesn't mean anything at all until you break it down into products, and then you can't find the additional price that would be caused by a tariff even if the Government paid it, which it does not.

I stated at that time, reading on page 19 of that report of July 27, 1950, printed by this committee:

> Mr. Chairman, since this free extension has been directly tied to the present war effort, I want to read the facts into the record: That the Government does not pay itself a tariff. If it did pay duties, it would make little difference because it would be putting it from one pocket into the other pocket. But during the war there was an Executive order in effect that no tariff would be paid on Government imports.

That order is still in effect, Mr. Chairman.

Quoting further:

> It is also said that tariffs paid by private companies increase cost to the Federal Government of federally purchased commodities.

Mr. Taft interrupted again, and that debate is there, of course. But Mr. Taft agreed that no tariff is charged.

I go on to say after this debate, that where a tariff is charged, in the case of a private company in this country importing copper for use, the tariff on any product sold for the Government is merely charged back to the Government, whether it is 2 cents a pound, 3 cents a pound, 4 cents a pound, or whatever it is.

So the Government does not win or lose in the case of national defense, if they import it themselves for stockpile or for any other purposes, that is, for their own use, it is not paid in the first place. If it is paid, it is charged back to the Government, it goes into the Government coffers first, and it is taken out when the product is sold to the Government.

FUNDS TO FOREIGN COUNTRIES TO PURCHASE METALS

On page 287 of this report—I have already quoted from page 276—from the Senate Report 1627 printed last July—it says that funds are furnished to foreign countries to purchase copper and other materials. The continuing furnishing of funds to foreign nations gave them the cash, the dollars, to bid against us for Chilean copper, and ran the foreign price to 36 cents, while we were paying domestic producers 24 cents.

On page 155 of that same report we show copper imports for consumption in 1953, exclusive of material for smelting. We export a considerable amount of copper, but it comes in under bond.

UNITED STATES POSITION ON PRODUCTION

Now, on page 72 of that same report, the position of the United States in copper mine production in 1953 was—there were 925,000 short tons produced, or more than 30 percent of the world total. The consumption of new copper in 1953 is 1,435,000 tons.

In other words, about a half a million tons were imported for consumption. There again, I ask permission to have the outline under the heading "Copper" on page 72 introduced into the record.

The CHAIRMAN. It may be included, without objection.

(The material headed "Copper" on p. 72 of Senate Report 1627 is as follows:)

COPPER

1. United States

(*a*) *Mine production in 1953:* 925,000 short tons or more than 30 percent of the world total.

(*b*) *Consumption of new copper in 1953:* 1,435,000 tons.

(*c*) *Present position.*—New projects under the Defense Production Act have been or will be brought into production. The output from these properties will be 250,000 tons annually. Known reserves can support production at the current rate for 25 years. Continued discoveries and improved techniques in mining and metallurgy can be counted on to extend this time.

WESTERN HEMISPHERE POSITION ON COPPER

Senator MALONE. Now, page 77 of that same report shows the position of the Western Hemisphere, which is of course completely self-sufficient.

In other words, there is no reason in national defense for security why we have to import anything from outside of the Western Hemisphere. I ask permission to have that part of the report under "Western Hemisphere," page 77, introduced into the record at this point.

The CHAIRMAN. Without objection, it may be done.

(The portion of the report on p. 77 entitled "Western Hemisphere" is as follows:)

2. Western Hemisphere

(*a*) *Production.*—In 1952: 1,750,000 tons or 58 percent of the world total. Chile and Peru contributed 16 percent of this amount.

The Western Hemisphere is more than self-sufficient.

3. Sources outside the Western Hemisphere

Africa is second to the United States and produced 21 percent of the world total supply in 1952. Almost all African copper is consumed in Europe, but exports to the United States are increasing.

4. Comments

More than 85 percent of the copper produced in the United States is from very large operations having a high technical efficiency which has enabled the domestic producers to meet foreign competition even though wages, supplies, and taxes here are the highest in the world. The competition is getting sharper, however, as the average grade of ore is less than 1 percent as compared to 2 percent in Chile and as high as 2 to 6 percent in Africa coupled with vastly lower operating costs.

Nearly one-third of the United States consumption of newly mined copper has come from abroad in recent years. Of the apparent consumption of new copper in 1953, 35 percent was imported compared with an annual average of 30 percent in 1950 to 1952, inclusive.

Known reserves would support production at the current rate for over 25 years, and these reserves will be greatly extended by improved techniques of discovery, mining, and recovery, or other stimuli. Eighty-seven percent of United States production in 1952 came from eight leading districts.

Promising new areas in the United States have been or are to be brought into production under Defense Production Act stimulation. The peak annual output of these properties is expected to be about 250,000 tons.

Occurrences of copper in important world sources are more concentrated even than in the United States, in from one to not more than a few large properties.

Aluminum is the most common substitute for copper and the only noteworthy substitute in consumption for electrical purposes, copper's chief use. Clad metals, other alloys, plastics, and other products may be used to conserve copper in some of its other applications.

Outside of the United States, Canada is the only important copper-consuming nation in the Western Hemisphere; although industrial use of copper has made noteworthy gains in Canada in recent years, the tonnage consumed is only one-tenth of that in the United States.

Most of the copper produced in the world comes from large mines which have been brought to production only through substantial expenditure of money and time. World supplies usually cover requirements, but fall short in times of suddenly and sharply expanded demand, as in a widespread war. Because of the great size of most operations, production cannot be increased quickly; sharply increased demand in an emergency has to be accompanied by artificially curtailed consumption (allocation).

Senator MALONE. I have another pamphlet entitled "Copper," a preprint from bulletin 556 of the Bureau of Mines. It has to do with copper and brass problems. I will ask that that be included in the record at this point, pages 1 to 5, inclusive.

I want to call attention to the brass companies which are controlled by the companies who regulate the price of copper and determine where the copper is going to be produced as shown above.

The CHAIRMAN. Without objection, it may be done.

(The document entitled "Copper," preprint from bulletin 556 of the Bureau of Mines, pp. 1-5, is as follows:)

COPPER

(By Helena M. Meyer [1])

A high standard of living and national security depend upon adequate supplies of the red metal—copper. With the onset of World War II, sharply expanded consumption caused the United States, principal copper producing and consuming country in the world, to become dependent in part on foreign metal, a dependence expected to continue and possibly increase in the foreseeable future.

SUMMARY

Copper is the most important nonferrous metal, both in quantity and value of world output; among all metals it is surpassed only by iron. Copper-bearing bronze was the first alloy in wide use by man. So extensively was it substituted for stone in making weapons, tools, and utensils that an early period has come to be known as the bronze age. Copper, essential for large-scale electrification, also made possible the electric age.

The widespread use of copper stems from its excellent conductivity of electricity and heat, its resistance to corrosion, and its properties of ductility, malleability, and strength. Nearly half is used by the electrical industry in virtually pure metallic form and most of the remainder in the manufacture of brass, bronze, and other alloys, for ultimate use in buildings, automobiles, ships, and other applications. During times of mobilization and war, copper's most important use is in ammunition and in communications, although there are many other vital uses. Steel has replaced copper for some ammunition purposes, and aluminum is acceptable for some electrical uses. On the whole, however, copper is expected to be consumed in increasing quantities in future, following much the same growth pattern as in the past.

The United States is the world's largest producer and consumer of copper, producing nearly one-third of the total and consuming nearly one-half of it. For many years the United States produced much more copper than it consumed and exported the surplus. Production, however, reached at least a temporary peak of about 1 million tons in 1929; but consumption continued to grow, and by World War II a condition of dependence on imports to meet part of total

[1] Assistant Chief, Branch of Base Metals, Bureau of Mines.

requirements developed. The return of the United States to a position of self-sufficiency is not likely under foreseeable conditions.

The largest copper-producing companies in the United States are vertically integrated, having mining, smelting, refining, fabricating, and marketing interests. The Kennecott Copper Corp., Phelps Dodge Corp., and Anaconda Copper Mining Co. usually mine over three-fourths of the total United States output and with the American Smelting & Refining Co., smelt and refine a substantial part of the primary materials in the United States. Some of the largest fabricators are affiliated with the foregoing four large companies.

Most of the United States production comes from ores lower grade than are worked elsewhere. The large size of domestic deposits, the fact that three-quarters of the total comes from open-pit operations, and the high degree of mechanization in mining, milling, and other stages of processing and manufacturing make it possible to utilize low-grade material at a profit. United States smelting, refining, and fabricating facilities have excess capacity, which is used to treat foreign materials.

Foreign production, like that in the United States, comes chiefly from large production units. Chile, which usually ranks next to the United States in production, has only 3 important mines; Northern Rhodesia outranked Chile, temporarily at least, in 1953, with its output coming from 4 mines; 70 percent of Canada's comes from 3; and Belgian Congo's from a number of mines operated as a unit. Of these countries that rank next to the United States in mine output, only in Canada is there important consumption. Canada still exports over half of its output, although the proportion available for export is dropping as consumption advances. Efforts are being made in a number of countries of the world to become independent of United States or any other country's smelting, refining and fabricating facilities.

Because United States production is inadequate for all needs, copper is designated as one of the strategic materials to be stockpiled for United States protection in case of war.

After the Defense Minerals Administration was established, under provisions of the Defense Production Act of 1950, copper was placed high on the list to receive production expansion assistance. Together with the National Production Authority, also created under this act, the Defense Production Administration, in its effort to solve supply-requirement imbalances that followed Korean hostilities, reinstituted the controlled materials plan, used effectively in World War II, for steel, copper, and aluminum, the three materials covered by that major war device of the earlier period. The emergency period passed in 1953, but the demand for copper continued large, as industrial activity remained at high levels.

Equipping a new copper mine requires large capital expenditure and considerable time. None of the production-expansion projects begun in 1951 got into production before November 1953, and others were to follow thereafter.

Background

History

The early history of copper marked an important chapter in human development. Through its use man advanced from the stone age to the bronze age; the latter represented a stage of civilization, rather than a definite chronological period.

TABLE 1.—*Salient statistics of the copper industry, 1919–53*

[All figures in short tons, except price and tenor of ore]

Year	Mine production	Average tenor of copper ores (percent)	Refinery production (primary) from—			Imports (refined)[1]	Exports (refined)[1]	Apparent consumption of new copper[2]	Quoted price at New York[3] (cents per pound)	World production (smelter)	Production from scrap as metal and in alloys		
			Domestic materials	Foreign materials	Total						Old scrap	New scrap	Total
1919	606, 167	1. 65	716, 743	168, 341	885, 084	17, 569	219, 080	457, 236	18. 90	1, 095, 696	152, 600	134, 590	287, 190
1920	612, 275	1. 63	591, 212	171, 871	763, 083	54, 372	275, 613	526, 919	17. 50	1, 057, 200	168, 960	143, 500	312, 460
1921	233, 095	1. 70	304, 707	170, 682	475, 389	34, 625	298, 059	305, 494	12. 65	614, 600	131, 990	85, 310	217, 300
1922	482, 292	1. 74	452, 335	175, 423	627, 758	51, 572	326, 333	448, 317	13. 56	952, 400	202, 800	133, 100	335, 900
1923	738, 870	1. 58	732, 083	257, 835	989, 918	80, 356	364, 690	650, 237	14. 61	1, 341, 500	270, 900	140, 000	410, 900
1924	803, 083	1. 59	837, 107	292, 931	1, 130, 038	72, 955	504, 812	677, 371	13. 16	1, 455, 600	266, 200	122, 100	388, 300
1925	839, 059	1. 54	841, 448	260, 839	1, 102, 287	49, 887	484, 033	700, 506	14. 16	1, 546, 500	291, 010	129, 200	420, 210
1926	862, 638	1. 46	865, 649	295, 594	1, 161, 243	85, 283	428, 062	785, 068	13. 93	1, 608, 300	337, 300	142, 500	479, 800
1927	824, 980	1. 41	859, 476	303, 406	1, 162, 882	51, 640	461, 233	711, 480	13. 65	1, 673, 300	339, 400	150, 800	490, 200
1928	904, 898	1. 41	895, 899	347, 905	1, 243, 804	42, 365	474, 737	804, 269	14. 68	1, 880, 500	365, 500	170, 900	536, 400
1929	997, 555	1. 41	991, 366	378, 690	1, 370, 056	67, 007	411, 227	889, 293	18. 23	2, 098, 900	404, 350	222, 200	626, 550
1930	705, 074	1. 43	695, 612	382, 918	1, 078, 530	43, 105	297, 057	632, 509	13. 11	1, 760, 000	342, 200	125, 000	467, 200
1931	528, 875	1. 50	537, 303	213, 418	750, 721	87, 225	202, 698	451, 032	8. 24	1, 536, 000	261, 300	85, 700	347, 000
1932	238, 111	1. 83	222, 539	117, 895	340, 434	83, 897	110, 977	259, 602	5. 67	1, 027, 000	180, 980	67, 200	248, 180
1933	190, 643	2. 11	240, 669	130, 120	370, 789	5, 432	124, 582	339, 350	7. 15	1, 143, 000	260, 300	77, 800	338, 100
1934	237, 401	1. 92	233, 029	212, 331	445, 360	27, 417	262, 366	322, 638	8. 53	1, 448, 000	310, 900	66, 500	377, 400
1935	386, 491	1. 89	338, 321	250, 484	588, 805	18, 071	260, 735	441, 371	8. 76	1, 661, 000	361, 700	87, 200	448, 900
1936	614, 516	1. 54	645, 462	177, 027	822, 489	4, 782	220, 390	656, 179	9. 58	1, 895, 000	382, 700	101, 900	484, 600
1937	841, 998	1. 29	822, 253	244, 561	1, 066, 814	7, 487	295, 064	694, 906	13. 27	2, 585, 000	408, 900	123, 200	532, 100
1938	557, 763	1. 34	552, 574	239, 842	792, 416	1, 802	370, 545	406, 994	10. 10	2, 254, 000	267, 300	92, 500	359, 800
1939	728, 320	1. 25	704, 873	304, 642	1, 009, 515	16, 264	372, 777	714, 873	11. 07	2, 396, 000	286, 900	212, 800	499, 700
1940	878, 086	1. 20	927, 239	386, 317	1, 313, 556	68, 337	356, 431	1, 006, 785	11. 40	2, 734, 000	333, 890	198, 156	532, 046
1941	958, 149	1. 15	975, 408	419, 901	1, 395, 309	346, 994	103, 602	1, 641, 550	11. 87	2, 905, 000	412, 699	313, 697	726, 396
1942	1, 080, 061	1. 09	1, 064, 792	349, 769	1, 414, 561	401, 436	131, 406	1, 608, 000	11. 87	3, 076, 000	427, 122	500, 633	927, 755
1943	1, 090, 818	1. 04	1, 082, 079	297, 184	1, 379, 263	402, 762	175, 859	1, 502, 000	11. 87	3, 038, 000	427, 521	658, 526	1, 086, 047
1944	972, 549	. 99	973, 852	247, 335	1, 221, 187	492, 395	68, 373	1, 504, 000	11. 87	2, 847, 000	456, 710	494, 232	950, 942
1945	772, 894	. 93	775, 738	332, 861	1, 106, 599	531, 367	48, 563	1, 415, 000	11. 87	2, 436, 000	497, 095	509, 421	1, 006, 516
1946	608, 737	. 91	578, 429	300, 233	878, 662	154, 371	52, 629	1, 391, 000	13. 92	2, 067, 000	406, 453	397, 093	803, 546
1947	847, 563	. 90	909, 213	250, 757	1, 159, 970	149, 478	147, 642	1, 286, 000	21. 15	2, 513, 000	503, 376	458, 365	961, 741
1948	834, 813	. 92	860, 022	247, 424	1, 107, 446	249, 124	142, 598	1, 214, 000	22. 20	2, 580, 000	505, 464	467, 324	972, 788
1949	752, 750	. 91	695, 015	232, 912	927, 927	275, 811	137, 827	1, 072, 000	19. 36	2, 600, 000	383, 548	329, 595	713, 143
1950	909, 343	. 89	920, 748	319, 086	1, 239, 834	317, 363	144, 561	1, 447, 000	21. 46	2, 915, 000	485, 211	492, 028	977, 239
1951	928, 330	. 90	951, 559	255, 429	1, 206, 988	238, 972	133, 305	1, 304, 000	24. 37	3, 095, 000	458, 124	474, 158	932, 282
1952	925, 359	. 85	923, 192	254, 504	1, 177, 696	346, 960	174, 135	1, 360, 000	24. 37	3, 115, 000	414, 635	488, 562	903, 197
1953	926, 448	. 85	932, 232	360, 885	1, 293, 117	274, 777	109, 510	1, 435, 000	28. 92	3, 275, 000	429, 388	529, 076	958, 464

[1] Imports and exports may include some refined copper produced from scrap. Categories not wholly comparable from year to year. Copper is also imported in crude form and shows up as refinery production from foreign ore. Exports, on the other hand, take place also in forms beyond the refined stage.

[2] Adjusted for changes in stocks.

[3] American metal market price for electrolytic copper in New York: f. o. b. refinery through August 1927, New York refinery equivalent thereafter.

Utilization of copper preceded the bronze age by at least a thousand years, but it was not until the hardening effects of a tenth part of tin was discovered that the resulting bronze grew to such importance as to christen an era. The step from working native copper to smelting copper ores was extremely significant, but when or where it first occurred is unknown. By 3500 B. C. copper ornaments and simple tools and utensils were in common use by peoples of the Near East and adjacent areas. Bronze was discovered and came into common use in the same area by 2200 B. C.

Copper was first produced in the American Colonies in 1709 at Simsbury, Conn. It was not until discovery and operation of the rich ore deposits of the Northern Peninsula of Michigan in the early 1840's, however, that production in the United States exceeded a few hundred tons a year. Thereafter, smelter output from domestic ores increased from 728 tons in 1850 to 30,240 in 1880.

The development of rich gold placers in Montana in the 1860's, followed by silver mining in the seventies, led to intensive prospecting, many copper discoveries, and a new era in the world copper industry. Copper was discovered in this area at the Anaconda mine, Butte, Mont.

Another great copper camp was slowly rising in the Southwest at the same time. The Bisbee operation, acquired by Phelps Dodge Corp. in the 1880's, formed the basis for the great mining operations of Arizona. In Utah, the Bingham Canyon property, first of the larger low-grade, disseminated ore bodies was brought into production, in the first years of the 20th century, by the Utah Copper Co., later absorbed by the Kennecott Copper Corp.

Large-scale electrification in the current era led to its being called the electric age. In response to demand to fill needs of the electrical industry, other industries, and those related to war, United States copper mine production was expanded to a record high of 1,100,000 tons in 1942 and 1943 (World War II) and averaged over 900,000 tons in 1950-53.

SIZE AND ORGANIZATION OF COPPER INDUSTRY

Copper is commonly conceded to be the most important nonferrous metal from both industrial and mobilization viewpoints. In value it ranks first in the nonferrous groups and stands second only to iron among all metals. The value of refined copper produced at primary refineries from domestic, foreign, and secondary sources in 1953 was $851 million compared with $124 million for lead and $210 million for zinc. Aluminum produced by primary producers was valued at $494 million. The value of pig iron was $3,700 million and of semifinished and finished steel products $10,900 million; an inbetween point would be a proper base for comparison with copper, lead, zinc, and aluminum.

The primary copper industry of the United States is composed of approximately 200 firms engaged in producing and selling copper. The largest producers are vertically integrated and have mining, smelting, refining, fabricating, and marketing interests. The principal producing companies, with their 1953 output, were as follows:

Company [1]	Short tons	Percent of total United States
Kennecott Copper Corp	429,000	46
Phelps Dodge Corp	224,000	24
Anaconda Copper Mining Co	74,000	8
Inspiration Consolidated Copper Co. (Anaconda holds 28 percent of issued stock)	40,000	5
Miami Copper Co. (including Castle Dome Copper Co., Inc.)	47,000	5
Magma Copper Co	25,000	3
Calumet & Hecla, Inc	20,000	2
Total above companies	859,000	93
Total United States	926,000	

[1] Individual company figures from Yearbook of the American Bureau of Metal Statistics, 1953.

Mining

There were over 300 active copper-producing mines in the United States in 1953, most of them relatively small. The 25 largest mines produced 98 percent of the total copper. The mines are listed in table 6 (p. 8).

Smelting

The primary copper-smelting companies in 1953, their approximate capacities in terms of charge (according to the Yearbook of the American Bureau of Metal Statistics), and the percentages of the total represented, are as follows:

Company	Annual capacity, tons of material	Percent of total capacity (charge)
American Smelting & Refining Co	[1] 2,883,000	34
Phelps Dodge Corp. and Phelps Dodge Refining Corp	2,650,000	32
Anaconda Copper Mining Co	1,000,000	12
Kennecott Copper Corp	840,000	10
International Smelting & Refining Co.[2]	300,000	4
American Metal Co., Ltd	265,000	3
Magma Copper Co	250,000	3
Tennessee Copper Co	70,000	1
Lake smelters:		
Calumet & Hecla, Inc	100,000	1
Quincy Mining Co	12,000	
Total	8,430,000	

[1] The greater part of the capacity (1,608,000 tons) of the smelter at Garfield, Utah, and of the capacity (300,000 tons) of the smelter at Hayden, Ariz., is used in treating concentrates from the Utah division and the Ray division, respectively, of the Kennecott Copper Corp.
[2] Owned by Anaconda.

Refining

The copper-refining capacity of primary producers in the United States in 1953, according to the American Bureau of Metal Statistics, aggregated about 1,896,000 tons. The copper-refining companies and their approximate percentage of the total are listed in order of magnitude of available facilities.

Company	Annual capacity, tons	Percent of total capacity
American Smelting & Refining Co	[1] 486,000	26
Phelps Dodge Refining Corp	405,000	21
Kennecott Copper Corp	264,000	14
International Smelting & Refining Co.[2]	240,000	13
American Metal Co., Ltd	200,000	10
Anaconda Copper Mining Co	150,000	8
Calumet & Hecla, Inc	100,000	5
Inspiration Consolidated Copper Co.[3]	39,000	2
Quincy Mining Co	12,000	1
Total	1,896,000	

[1] Part used for refining copper produced by Kennecott.
[2] Owned by Anaconda.
[3] 28 percent of stock owned by Anaconda.

About 10 percent of the primary refined copper produced from domestic materials in the United States is recovered by fire refining in Michigan, New Mexico, and Texas from crude materials produced in Michigan, New Mexico, and Arizona.

Fabrication

Fabricators are the principal customers of the primary copper producers. It is in the fabricating plants that the bulk of the new copper is put into semifinished forms—wire, rods, extruded, and rolled shapes, etc.—which constitute the raw materials for many other industries.

About 30 companies in the United States are generally recognized as important fabricators of raw copper. Many of the largest are owned by or associated with the great copper mining, smelting, and refining companies, giving them integrated operations from the mines to the finished brass and copper products. A list of the fabricating companies affiliated with copper-producing companies follows.

Fabricating companies of principal copper producers:

Fabricating company	Parent company or company having part stock ownership
Chase Brass & Copper Co	Kennecott Copper Corp.
Kennecott Wire & Cable Co	Do.
American Brass Co	Anaconda Copper Mining Co.
Anaconda Wire & Cable Co	Anaconda Copper Mining Co. (owns 70 percent of stock).
Phelps Dodge Copper Products Corp.	Phelps Dodge Corp.
Revere Copper & Brass, Inc	American Smelting & Refining Co. (owns 36 percent of stock).
General Cable Corp	American Smelting & Refining Co. (owns 42 percent of stock).
Wolverine Tube Division	Calumet & Hecla, Inc.
C. G. Hussey & Co	Copper Range Co.
New Haven Copper Co	Tennessee Corp. (parent company of the Tennessee Copper Co.).
Titan Metal Manufacturing Co	Consolidated Coppermines Corp. (owns 64 percent of stock).

The more important independent fabricators not affiliated with the major producers include the following:

Bridgeport Brass Co.
Bristol Brass Corp.
Chicago Extruded Metals.
Lewin Metals Division, Lewin Mathes Co.
Olin Mathieson Chemical Corp.
Mueller Brass Co.
Reading Tube Co.
J. A. Roebling's Sons Corp.
Rome Cable Corp.
Scovill Manufacturing Co.
Triangle Wire & Cable Co., Inc.
Volco Brass & Copper Co.

GEOGRAPHIC DISTRIBUTION OF COPPER INDUSTRY

Copper occurs so widely in nature that almost every country has some copper-ore deposits; 21 countries each mined over 10,000 tons of recoverable copper in 1953, and some 16 other nations reported some output. In spite of this wide distribution, most of the world mine production is made in but a few places. Concentration mills are found almost always at the mines, although some mills receive custom ores from short distances. Smelting facilities are usually within short distances of mines and mills, and absence of such facilities retards development of new areas of production. Smelter products frequently must be shipped long distances for refining. The smelter products are of such high purity that little, if any, saving in transportation costs would result from shipping refined instead of smelted copper to consumption localities. The scrap supply is chiefly in the industrial areas.

Resources

About 90 percent of unmined world copper resources is in five regions—south-central Africa, Chile, the western United States, eastern Ontario and southern Quebec in Canada, and Kazakhstan, U. S. S. R. Table 2 lists 12 districts or mines containing 85 percent of the world copper resources. This list includes both developed reserves that are surely economic under present conditions and partly explored semieconomic deposits that are so large they probably will be important for the future. Deposits not known to contain copper reserves in quantities greater than 3 million tons of copper metal have been omitted from the list.

Senator MALONE. Mr. Chairman, I want to discuss the position of these same companies on fabricated articles in this country. They are for free trade on copper, which is a raw material that comes in and which is used in the fabrication of brass and copper articles.

I ask permission that the complete table appear as a part of my testimony.

The CHAIRMAN. Without objection, it may be included in the record.

(The list referred to is as follows:)

The attached list shows the principal fabricating companies and the parent company or companies having part stock ownership. The principal copper producing companies are Anaconda, Kennecott, and Phelps Dodge. Their brass manufacturing subsidiaries producing semifabricated or semimanufactured items which are used in the finished item to the consumer. Examples of this are sheets, rod, wire, extruded shapes, drawn shapes, brass and copper pipe and similar items which can be further manufactured into a finished commercial article going to the individual consumer.

Under the suspension of the 2 cents excise tax on imports of copper material, the only tax on the importation of these is shown in the following items. Under the trade agreements act, a tariff on items such as these may be cut by the President 5 percent per year or a total of 15 percent during the next 3 years.

Tariff

	Copper	Brass alloys
Sheet, roll, strip plate .... cents per pound	1¼	2
Wire .... percent	12½	12½
Rod, shafting, piston rod .... cents per pound	1¼	2
Extruded shapes:		
Rolls and rods .... do	1¼	....
Tube .... do	3½	....
Brazed tubing .... do	....	5½
Drawn shapes: Rod .... do	[1] 1¼	....
Brass and copper pipe:		
Seamless brass .... do	....	2
Brazed .... do	....	6

[1] Same as extruded.

The above items are used by a large number of manufacturers who make the finished and completed articles that go to individual shops and consumers. Examples of the tariff on the completed articles are as follows. With a possible exception of the Revere Copper Co., which makes kitchenware largely of stainless steel, none of the leading brass mills make the completed articles for the individual consumer.

Kitchenware brass, table, household, and hospital	15 percent ad valorem.
Incandescent lamps	12½ percent.
Manufacturers of brass not plated with gold or silver	22½ percent.
Also bronze	Do.
Brass bases for lamps	Do.
Flashlight cases	35 percent.
Electric cooking stoves	12½ percent.
Furnaces	Do.
Various items not specified elsewhere	Do.
Washing machines and parts	17½ percent.
Dental instruments	17½ to 22 percent.
Surgical instruments	40 to 45 percent.
Brass wind instruments	20 to 30 percent.
Tuned bells	15 percent.
Metal buttons	22½ percent.
Safety pins	Do.
Pins with solid head	20 percent.
Electrical fixtures	22½ percent.
Sanp fasteners	55 to 60 percent.
Shoe fasteners	40 to 60 percent.
Jewelry and parts valued not over $5 per dozen	55 percent.
Jewelry and parts valued over $5 per dozen	Do.
Cigarette cases, compacts, etc., valued not over $5 per dozen.	65 percent.
Cigarette cases, compacts, etc., valued over $5 per dozen	35 percent.

Larger items for component parts made of copper or brass and are listed as follows:

Generator and parts	15 percent ad valorem.
Transformers	12½ percent.
Switches	17½ percent.

Motors	12½ percent.
Fans-blowers	17½ percent.
Telegraph apparatus	Do.
Radios	12½ percent.
Television	Do.
Telephones	17½ percent.
Electric furnaces	12½ percent.
Bare wire and cable	Do.
Insulated wire and cable	17½ percent.

History of the import excise tax.—Copper ores were on the free list from 1894 to June 21, 1932. Prior to that time the ores were taxed on their copper content. Under the act of 1883 the duty was 2½ cents per pound of fine copper, but this was reduced to one-half cent by the act of 1890.

Copper matte and regulus was dutiable at 3½ cents per pound of copper content under the act of 1883, but it was cut to 1 cent in 1890, and in 1894 the material was placed on the free list until June 21, 1932.

Copper metal: In the Tariff Act of 1883 the metal paid a duty of 4 cents per pound.

In 1890 the duty was cut to 1¼ cents per pound. In 1894 it was removed entirely. Since that date copper ore, matte, and unmanufactured copper was on the free list until the imposition of the excise tax in June 21, 1932.

Section 601 (c) (7) imposed 4 cents excise tax. The 4 cents excise tax was continued from 1932 to 1945. In 1948 it was reduced to 2 cents per pound, but the imposition of the 2 cents tax has been suspended until June 30, 1955.

During World War II copper was imported duty free for Government use. Executive Order No. 9177, dated May 30, 1942.

Public Law 42, 80th Congress, April 29, 1947, suspended duty from date of enactment to March 31, 1949.

Public Law 33, 81st Congress, March 31, 1949, suspended duty from April 1, 1949, to June 30, 1950. Tax effective July 1, 1950, to March 31, 1951.

Public Law 38, 82d Congress, May 22, 1951, suspended duty from April 1, 1951, to February 15, 1953.

Public Law 4, 83d Congress, February 14, 1953, extends to June 30, 1954.

Public Law 452, 83d Congress, June 30, 1954, extends to June 30, 1955.

Senator MALONE. Mr. Chairman, I have a number of tables which are pertinent to this discussion. I would like to list their subjects and ask that they be included in the record:

Tax Amortization Certified for Copper Companies.

Domestic Copper Contracts Involving Loans.

ECA Copper Contracts—Administered in London.

Contracts for Expansion and Maintenance of Supply Copper Under Defense Production Act as Amended in 1953.

The CHAIRMAN. Without objection, they may be included.

(The matter referred to is as follows:)

Tax amortization certified for copper companies

Docket No.	TA No.	Name of company	Amount certified	Percentage	Date certified
124	1547	American Smelting & Refining Co., Silver Bell, Ariz.	$10,855,800.00	85	Jan. 4, 1952
156	9805	White Pine Copper Co., Copper Range County, Mich.	62,881,638.00	55	Nov. 16, 1951
443	1517	United Mine Operators, Inc., Wickenburg, Ariz.	221,000.00	75	June 15, 1951
607	2744	Kennecott Copper Corp., Deep Ruth, Nev	3,987,910.00	85	Apr. 4, 1951
852	3957	Phelps Dodge Corp., Cochise County, Ariz	12,401,435.00	75	July 6, 1951
929	4673	San Manuel Copper Corp., Mazma, Ariz	51,420,000.00	75	Dec. 28, 1952
1095	7696	Anaconda Copper Mining Co., Butte, Mont	28,213,552.00	75	Oct. 15, 1951
2212	15905	Bagdad Copper Co., Arizona	11,134,207.00	75	July 15, 1952
2846	24544	Banner Mining Co., Arizona	577,130.59	75	Apr. 29, 1953
2866	24943	Copper Creek Consolidated Mining Co., Arizona.	150,000.00	75	Apr. 21, 1953
	7696	Yerrington, Nev	25,265,000.00	75	

Source: Materials Division, EPS, May 19, 1955.

Domestic copper contracts involving loans (Public Law 774)

Contract No.	Contractor	Product	Amount of loan	Source of loan	Method of loan repayment	Copper production		Price to Government
						Annual	Total	
						Pounds	*Pounds*	*Cents per pound*
DMP-83	Banner Mining Co., Tucson, Ariz.	Copper	$473,665	DMPA advance	3½ cents per pound of copper produced.	4,320,000	12,960,000	31
						Short tons	*Short tons*	
GS-OOP(D) 12084	Copper Cities Mining Co., Gila County, Ariz.	do	7,500,000	RFC	Loan repaid in cash during 1954	22,500	96,250	[2] 23
GS-OOP(D) 12190	White Pine Copper Co., White Pine, Mich. (Copper Range Co.).	do	66,395,600	do	Cash payments as required by RFC.	36,000	275,000	[2] 25.5
DMP-19	San Manuel Copper Co., Pinal County, Ariz.[1]	Copper, molybdenum.	94,000,000	do	do	[3] 50,000 [4] 70,000	365,000	[2] 24
						Pounds	*Pounds*	
DMP-3	Campbell Chibougamau Mines, Ltd., Canada.	Copper	5,500,000	Export-Import Bank.	Cash payment as required by Export-Import Bank.	37,250,000	63,200,600	[2] 24.5
GS-OOP(D) 12095	National Lead Co., Fredericktown, Mo.	Copper, cobalt, nickel.	7,500,000	DMPA advance	Cash payments in quarterly installments after commencement of production.	1,417,500	7,087,500	[2] 24.4

[1] Wholly owned subsidiary of Magma Copper Co., in which Newment owns 140,000 shares.
[2] As escalated.
[3] 1st year.
[4] After 1st year.

Source: Materials Division, GSA EPS, May 17, 1955.

ECA COPPER CONTRACTS ADMINISTERED BY LONDON

Contract No.	Contractor	Product and annual production	Amount of loan	To be repaid in—	Repayment made to Dec. 31, 1954	Approximate balance due with interest as of Jan. 1, 1955	To be repaid by—
GS-OOP-2354 SCM-ECA.	Uruwire Minerals, Ltd., Tanganyka.[1]	Lead and copper; 1,600 MT copper, 7,900 MT lead.	[2] $2,200,000	Lead and copper [3] at market price at time of delivery.	None (repayments start July 1, 1955, to Dec. 31, 1955).	$2,524,000	June 30, 1958
GS-OOP-943 SCM-ECA	Governments of Northern and Southern Rhodesia and United Kingdom Rhodesia Railways.[1]	Copper or other strategic materials; not a producer.	[4] 14,000,000	Copper or other strategic materials at market price at time of delivery.	4,738 short tons of copper.	16,000,000	Jan. 1, 1965
GS-OOP-944 SCM-ECA	Chibuluma Mines, Ltd., Northern Rhodesia.[1]	Copper and cobalt; 15,600 LT copper, 600 LT cobalt.	[4] 14,000,000	Cobalt and copper proportion may vary from 10 to 60 percent of cobalt production. At market price at time of delivery.	None (repayments start July 1, 1957, to June 30, 1958).	18,215,000	Aug. 17, 1963

COPPER CONTRACTS ADMINISTERED BY LONDON USING PUBLIC LAW 774 FUNDS

Contract No.	Contractor	Product and annual production	Amount of loan	To be repaid in—	Repayment made to Dec. 31, 1954	Approximate balance due with interest as of Jan. 1, 1955	To be repaid by—
DMP-1'1-11.	Rhodesia Congo Border Power Corp., Ltd., Northern Rhodesia.	Copper and cobalt production of 4 [illegible] mines owning RC[illegible] 340,000 long tons copper and 750 long tons cobalt per year.	[5] $22,400,000	Copper 75 percent, cobalt 25 percent, at market price at time of delivery.	Interest payments, 349 short tons copper, 5 short tons cobalt (principal repayments start Dec. 1, 1957).	$28,000,000	Dec. 1, 1962

[1] All materials received from these contracts will go into the United States stockpile.
[2] Financed with ECA dollars and counterpart funds.
[3] Market price at time of delivery is arrived at by an average of quotations for the month preceding delivery.
[4] Financed with ECA counterpart funds.
[5] Export-Import Bank.

Source: Materials Division, GSA EPS, May 17, 1955.

Contracts for expansion and maintenance of supply of copper under the Defense Production Act, as amended, in 1953 [1]

Type of contract, name of contractor, and location of project	Government contingent purchase commitments [2] (pounds)	Effective date of contract	Date production starts	Approximate term of contract	Commitment purchase price (per pound)
Maintenance of production:					
Copper Range Co., Champion mine, Houghton County, Mich	7,965,000	Aug. 12, 1953	July 1, 1953	2½ years	$0.32
Riviera Mines Co., Christmas mine, Gila County, Ariz	3,000,000	Sept. 29, 1953	Not later than Oct. 15, 1953	2¼ years	.32
Howe Sound Co., Holden mine, Chelan County, Wash	18,700,000	Nov. 3, 1953	Sept. 1, 1953	2⅓ years	.315
Purchase:					
Miami Copper Co., Miami mine, Gila County, Ariz	120,000,000	Feb. 13, 1953	Not later than June 30, 1955	8-8½ years	[3] [4] .2735
Banner Mining Co., Mineral Hill and Plumed Knight mines, Pima County, Ariz.	12,960,000	May 26, 1953	May 1, 1954	3 years	[5] .31
Copper Creek Construction Mining Co., Old Reliable mine, Pinal County, Ariz.	5,500,000	June 17, 1953	Dec. 31, 1954	1½ years	.29
International Nickel Company of Canada, Ltd., Sudbury district, Ontario, Canada.[6]	100,000,000	May 29, 1953	June 1, 1953	5 years 7 months	[3] .27
Falconbridge Nickel Mines, Ltd., Ontario, Canada [7]	32,000,000	Mar. 27, 1953	Dec. 31, 1953	3 years	.275-.30
Advance repayment: Banner Mining Co., Mineral Hill and Plumed Knight mines, Pima County, Ariz.	12,960,000	May 26, 1953	May 1, 1954	do	(8)

Type of contract or assistance, name of contractor, and location of project	Approximate amount involved	Effective date of contract
Loan:		
Campbell-Chibougamau Mines, Ltd., Merrill Island, Dore Lake, Quebec, Canada	$5,500,000	May 18, 1953
Chibuluma Mines, Ltd., Northern Rhodesia	14,000,000	[9] Aug. 13, 1951
Rhodesia Congo Border Power, Ltd., Northern Rhodesia	22,400,000	June 17, 1953
Tax amortization: [10]		
Banner Mining Co., Pima County, Ariz	577,130	Apr. 29, 1953
Copper Creek Construction Mining Co., Pinal County, Ariz	245,000	Apr. 21, 1953

[1] All subsidy contracts negotiated in 1952 were automatically terminated Feb. 25, 1953.
[2] Some contracts provide for larger production which may be sold to other purchasers.
[3] Includes escalator clause.
[4] Government purchase obligation for part of molybdenite production at floor price ($1 per pound for contained MO), but option to purchase all of it at market price.
[5] Option to purchase all or part of molybdenite production at market price.
[6] Also 120 million pounds of nickel.
[7] Also 100 million pounds of nickel and 32 million pounds of cobalt; contract provides for additional quantities of copper (20 million pounds to United States Government up to Dec. 31, 1958), nickel and cobalt at option.
[8] Terms of repayment of $430,565 were 17½ cents per pound of refined copper plus interest, until $43,100 has been paid and 3½ cents per pound of refined copper thereafter with interest. Repayment shall be made on or before 4½ years from date of contract.
[9] Original advance of $5,600,000 increased May 15, 1953, to $14 million.
[10] Amortization—5 years at 75 percent of total amount involved.

Senator MALONE. Now, Mr. Chairman, I have a list of the items with duties shown. Tariff rate in cents per pound, import-excise tax in cents per pound of copper content, and the changes in United States rates of duty, copper tubes and mill shapes, and then specialty wire, except wire of gold, silver, platinum, tungsten, and molybdenum, and changes in the United States rates of duty.

Now, Mr. Chairman, I ask that these tables be a part of my testimony at this point.

The CHAIRMAN. Without objection, they may be included.

(The tables referred to are as follows:)

Copper tubes and mill shapes (par. 381)

CHANGES IN UNITED STATES RATES OF DUTY

[Tariff rate, cents per pound; import-excise tax, cents per pound of copper content]

Item (par. 381)	Tariff rate in—				Import-excise tax [1] in—				
	Act of 1922	Act of 1930	1945	1948 [2] to date	Revenue Act of 1932	1945	1948	July 1, 1950, to Mar. 31, 1951	Apr. 1, 1951, to June 30, 1955
Copper in rolls, rods, or sheets	2½	2½	2½	[3] 1¼	4	4	[4] 2	[5] 2	[4] 2
Copper engravers' plates, not ground, and seamless copper tubes and tubing	7	7	7	[3] 3½	4	4	[4] 2	[5] 2	[4] 2
Copper engravers' plates, ground, and brazed copper tubes	11	11	11	[3] 5½	4	4	[4] 2	[5] 2	[4] 2

AD VALOREM EQUIVALENT OF THE PRESENT DUTY

[Percent]

	Rolls, sheets, or rods	Tubes	
		Seamless	Brazed
1950	12.4	16.1	
1951	3.5	8.6	18.3
1952	3.1	7.1	16.7
1953	2.9	6.9	10.5
January–June 1954	3.0	7.5	

[1] Internal Revenue Code, sec. 3425.
[2] Geneva, 1948.
[3] Items are in force; excise tax is suspended. These are GATT rates and subject to reduction by the President.
[4] Geneva, 1948; because of suspension of import-excise tax until June 30, 1953 (Public Law 42, 80th Cong., Public Law 33, 81st Cong., and Public Law 38, 82d Cong., as amended), this concession will have no effect until tax suspension terminates.
[5] Import excise tax applicable from July 1, 1950, to Mar. 31, 1951.

Brass and bronze tubes and other mill shapes (par. 381)

[Percent]

	Brass rod, sheet and plate	Brass tubes		Bronze rods and sheet	Bronze tubes
		Seamless	Brazed		
1950	13.4	9.6	30.4	23.3	13.6
1951	6.1	4.2	2.2	4.5	....
1952	5.7	3.6	....	4.2	4.2
1953	6.7	4.4	15.6	4.3	3.6
January-June 1954	7.0	4.4	17.5	5.1	5.4

CHANGES IN UNITED STATES RATES OF DUTY

[Tariff rate, cents per pound; import-excise tax, cents per pound of copper content]

Item (par. 381)	Tariff rate in —				Import-excise tax [1] in —				
	Act of 1922	Act of 1930	1945	1948 [2] to date	Revenue Act of 1932	1945	1948	July 1, 1950 to Mar. 31, 1951	Apr. 1, 1951 to June 30, 1955
Brass rods, sheet brass, brass plates, bars, and strips, Muntz or yellow metal sheets, sheathing, bolts, piston rods, and shafting	4	4	4	[3] 2	4	4	[5] 2	[6] 2	[5] 2
Seamless brass tubes and tubing	8	8	[4] 4	[3] 2					
Brazed brass tubes, brass angles and channels	12	12	12	[3] 6					
Bronze rods and sheets	4	4	4	[3] 2					
Bronze tubes	8	8	[4] 4	[3] 2					

AD VALOREM EQUIVALENT OF THE PRESENT DUTY

[Percent]

	Brass rod, sheet, and plate	Brass tubes		Bronze rods and sheet	Bronze tubes
		Seamless	Brazed		
1950	13.4	9.6	30.4	23.3	13.6
1951	6.1	4.2	2.2	4.5	....
1952	5.7	3.6	....	4.2	4.2
1953	6.7	4.4	15.6	4.3	3.6
January-June 1954	7.0	4.4	17.5	5.1	5.4

[1] Internal Revenue Code, sec. 3425.
[2] Geneva, 1948.
[3] Items are in force; excise tax is suspended. These are GATT rates and subject to reduction by the President.
[4] Trade agreement with the United Kingdom, June 30, 1955; effective January 1939.
[5] Geneva, 1948; because of suspension of import-excise tax (Public Law 42, 80th Cong., Public Law 33, 81st Cong., and Public Law 38, 82d Cong., as amended), this concession will have no effect until tax suspension terminates.
[6] Import excise tax applicable from July 1, 1950, to Mar. 31, 1951.

Copper, brass, and bronze wire—Specialty wire, except wire of gold, silver, platinum, tungsten, or molybdenum (wire, n. s. p. f.) (par. 316 (a))

CHANGES IN UNITED STATES RATES OF DUTY

Item (par. 316 (a))	Tariff rate in— Act of 1922	Act of 1930	1945	1948	1951 to date
All wire composed of iron, steel, or other metal, n. s. p. f. (except gold, silver, platinum, tungsten, or molybdenum).	25 percent ad valorem.	25 percent ad valorem.	25 percent ad valorem.	15 percent ad valorem.[2]	12½ percent ad valorem.[3 4]
Any of the foregoing, coated by dipping, galvanizing, sherardizing, electrolytic, or any other process with zinc, tin, or other metal.	3/10 cent per pound in addition.	3/10 cent per pound in addition.	3/10 cent per pound in addition.	3/10 cent per pound in addition.	1/10 cent per pound in addition.[6]

Item (par. 316 (a))	Import-excise tax [1] in— Revenue Act of 1932	1945	1948	July 1, 1950, to Mar. 31, 1951	Apr. 1, 1951, to June 30, 1955
All wire composed of iron, steel, or other metal, n. s. p. f. (except gold, silver, platinum, tungsten, or molybdenum). Any of the foregoing, coated by dipping, galvanizing, sherardizing, electrolytic, or any other process with zinc, tin, or other metal.	4 cents per pound copper content.	4 cents per pound copper content.	2 cents per pound copper content.[5]	2 cents per pound copper content.[2]	2 cents per pound copper content.[5]

AD VALOREM EQUIVALENT OF PRESENT DUTY

[Percent]

	Brass wire	Bronze wire	Copper wire
1950	18.5	19.2	20.9
1951	15.4	14.9	17.3
1952	12.5	12.5	12.5
1953	12.5	12.5	12.5
January–June 1954	12.5	12.5	12.5

[1] Internal Revenue Code, sec. 3425.
[2] Geneva, 1948.
[3] Items are in force; excise tax is suspended. These are GATT rates and subject to reduction by the President.
[4] GATT (Torquay) effective June 6, 1951.
[5] Geneva, 1948. Because of the suspension of the import-excise tax until June 30, 1955 (Public Law 42, 80th Cong., Public Law 33, 81st Cong. and Public Law 38, 82d Cong., as amended.) the excise tax will have no effect until the tax suspension terminates.
[6] GATT (Annecy) effective Apr. 30, 1950.

NOTE.—In addition to the rates shown above, imports are subject to duties for alloy content under paragraph 305.

Senator MALONE. I have an additional table of duties on copper-bearing ores, the IRC section 3425, "Articles Upon Which the 2 Cents per Pound of Copper Content IRC Tax Is Imposed." They are import taxes, simply an excerpt of the duty provisions.

Then the United States import duties in 1952, copper-bearing ores and concentrates.

And "War Material." This is the official outline, Mr. Chairman, of the report for the Government of official uses without duty admitted free, and it is war material:

> The Secretary of the Navy is authorized to make purchases of war material abroad: *Provided*, That when such purchases are made abroad, this material shall be admitted free of duty (34 U. S. C. 568).

Now, it goes on to show how it is applied at the present time. That is simply a technical outline, Mr. Chairman. I ask that these tables and outline be included at this point in the record.

The CHAIRMAN. Without objection, they may be included.

(The tables and outline referred to are as follows:)

United States import duties (1952)

IRC	Description	Full rate	Reduced rate
4541	Copper-bearing ores and concentrates	4 cents per pound on copper content.[1]	2 cents per pound on copper content.[1]
	If products of Cuba		Free.[2]
	Provided, That ores or concentrates usable as a flux or sulfur reagent in copper smelting or converting and having a copper content of not over 15 percent, when imported for fluxing purposes shall be admitted free of this tax in an aggregate amount of not over 15,000 tons of copper content in any one year.		
	Articles provided for in pars. 316, 380, 381, 387, 1620, 1634, 1657, 1658, or 1659 of the Tariff Act of 1930:		
	Composition metal suitable in both composition and shape, without further alloying or refining, for processing into cast forms.	4 cents per pound on copper content.	2 cents per pound on cooper content.
	Copper sulfate	do	Do.
	Other	do.[1]	Do.[1]
	Provided, That no tax under this section shall be imposed on copper in any of the foregoing ores, concentrates, or other articles which is lost in metallurgical processes.		
	Articles dutiable under the Tariff Act of 1930, not provided for heretofore in this section, in which copper (including copper in alloys) is the component material of chief value.	3 cents per pound[1]	1½ cents per pound.[1]
	Articles dutiable under the Tariff Act of 1930, not provided for heretofore in this section, containing 4 percent or more of copper by weight, and valued per pound—		
	Not over 25 cents	3 percent ad valorem[1]	1½ percent ad valorem.[1]
	Over 25 cents	¾ cent per pound[1]	⅜ cent per pound.[1]

[1] Tax suspended until Feb. 15, 1953, or possible earlier date, TD 52740.
[2] Under commercial treaty Dec. 11, 1902, and act of Dec. 17, 1903, ch. 1.

NOTE.—Public Law 38 as amended suspends 2-cent tax on everything except composition metal and copper sulfate.

IRC SECTION 3425 (COPPER)

Articles upon which the 2 cents per pound of copper content IRC tax is imposed

Tariff paragraph	Item
316	Bare and insulated copper wire, copper alloy wire (brass bronze and etc.), copper-clad wire.
380	German or nickel silver.
381	Copper in rolls, rods, or sheets; copper engravers' plates, ground and unground; seamless copper tubes and tubing, brazed copper tubes; brass rods, sheet, plates, bars, and strips; Muntz or yellow metal sheets, sheathing, bolts, piston rods, and shafting; seamless brass tubes and tubing; brazed brass tubes; brass angles and channels; bronze rods, sheets and tubes.
387	Phosphor-copper or phosphorus-copper.
1620 [1]	Bells broken and bell metal scrap fit only for remanufacture.
1634 [1]	Brass and Dutch metal scrap.
1657 [1]	Composition metal.
1658 [1]	Copper ore, regulus of, black or coarse copper, cement copper; copper concentrates; copper scrap; blister copper; refined copper.
1659	Copper sulfate, acetate, and subacetate.

[1] No other duty except excise tax.

Composition metal is any small item. Battle scrap, imported from Europe through 1950, came in free until 1952. Imports in 1953 were only 2 tons, $1,100, from Netherlands.

WAR MATERIAL

The Secretary of the Navy is authorized to make emergency purchases of war material abroad: *Provided,* That when such purchases are made abroad, this material shall be admitted free of duty (34 U. S. C. 568).

The Secretary of the Army and the Secretary of the Air Force shall have the same authority with respect to emergency purchases of war material abroad as the Secretary of the Navy has with respect to such purchases under the act of June 30, 1914 [34 U. S. C. 568] (41 U. S. C. supp. II 161).

The authority contained in 34 United States Code 568 to import emergency purchases of war material free of duty is also extended to the Secretary of the Treasury and the United States Atomic Energy Commission. Such authority will expire at the close of business on October 28, 1952 (50 U. S. C. 601, 621; Executive Order 9177, as modified by Executive Order 9903; Executive Order 9829; TDs 50651, 50684, 51801).

The Bureau of Federal Supply, General Services Administration, is authorized to import free of duty certain strategic and critical materials (sec. 502 (d) (6), Public Law 152, approved June 30, 1949; BCL 2666).

When, in the opinion of the Secretary of War, it is necessary to purchase material abroad for the manufacture of sacks for artillery cartridges, it shall be admitted free of duty (10 U. S. C. 1208).

Senator MALONE. I would also like to insert in the record three tables showing United States imports for consumption of (*a*) brass and bronze wire (bare); (*b*) copper wire (bare); and (*c*) copper tubes (seamless and brazed).

The CHAIRMAN. Without objection it may be included.

(The table referred to is as follows:)

Par. 316 (a)—Brass and bronze wire (bare): United States imports for consumption, by principal sources, 1950–53 and January–June 1954

Year	Total	Canada	United Kingdom	Germany
	Quantity (pounds gross weight)			
1950	490,763	37,851	338,437	113,708
1951	440,240	55,062	224,124	142,640
1952 [1]	382,388	96,250	232,544	53,594
1953 [1]	325,987	32,258	164,399	128,503
1954: [1]				
January	16,511	2,074		14,437
February	27,201		22,201	5,000
March	37,141	4,141	23,000	10,000
April	24,539	4,548	10,000	4,998
May	68,963	6,722	40,001	17,249
June	73,354	1,410	58,644	12,500
Total, January–June 1954	247,709	18,895	153,846	64,184
	Foreign value			
1950	$201,475	$14,555	$129,534	$57,303
1951	291,480	29,086	115,040	133,748
1952 [1]	238,233	55,019	131,147	47,357
1953 [1]	213,012	19,498	100,589	92,550
1954: [1]				
January	11,449	1,410		10,039
February	16,074		12,542	3,532
March	23,239	2,829	13,187	7,223
April	13,974	3,023	5,519	3,891
May	34,449	4,029	21,099	7,785
June	42,579	951	32,584	8,852
Total, January–June 1954	141,764	12,242	84,881	41,322

[1] Preliminary. Imports in 1954 do not include entries for immediate consumption valued $250 or less, each.

Sour e: Compiled from official statistics of U. S. Department of Commerce.

Par. 316 (a)—Copper wire (bare): United States imports for consumption, by principal sources, 1950–53 and January–June 1954

Year	Total	Canada	United Kingdom	Germany
	Quantity (pounds gross weight)			
1950	4,422,433	2,727,327	1,616,976	36,997
1951	2,054,904	378,251	870,199	7,898
1952 [1]	2,252,578	2,214,746	28,616	4,984
1953 [1]	147,093	73,160	29,643	41,523
1954: [1]				
January				
February				
March	130			
April				
May	5,585	237		1,380
June	1,593	716		877
Total, January–June 1954	7,308	953		2,257
	Foreign value			
1950	$1,499,972	$931,194	$540,765	$20,699
1951	743,209	129,565	297,966	5,594
1952 [1]	970,244	950,010	11,587	6,623
1953 [1]	86,012	35,931	18,452	30,316
1954: [1]				
January				
February				
March	390			
April				
May	3,534	620		781
June	1,206	592		614
Total, January–June 1954	5,130	1,212		1,395

[1] Preliminary. Imports in 1954 do not include entries for consumption valued $250 or less, each.

Source: Compiled from official statistics of U. S. Department of Commerce.

Par. 381—Copper tubes (seamless and brazed): United States imports for consumption, by principal sources, 1950–53 and January–June 1954

Year	Total	Canada	United Kingdom	Germany
	Quantity (pounds gross weight)			
1950	349,844	54,592	90,334	204,872
1951	944,193	179,081	581,382	77,276
1952 [1]	5,176,459	5,039,533	102,903	32,277
1953 [1]	1,170,069	582,230	321,061	259,542
1954: [1]				
January	189,380		79,923	109,457
February	111,680	4,254	44,447	51,962
March	244,796		139,269	72,965
April	366,688	4,195	177,498	179,064
May	398,973	42,857	224,068	106,325
June	659,683	94,769	337,832	62,443
Total, January–June 1954	1,971,200	146,075	1,003,037	582,216
	Foreign value			
1950	$115,167	$19,735	$32,910	$59,311
1951	379,224	75,973	220,038	27,569
1952 [1]	2,547,143	2,465,635	52,597	27,985
1953 [1]	597,089	310,648	156,231	126,638
1954: [1]				
January	90,237		35,769	54,468
February	53,208	2,082	20,848	25,876
March	106,781		57,762	34,520
April	173,280	2,018	76,571	92,148
May	203,452	17,948	95,499	56,076
June	288,771	43,630	139,334	31,373
Total, January–June 1954	915,789	65,678	425,783	294,461

[1] Preliminary. Imports in 1954 do not include entries for immediate consumption valued $250 or less, each.

Source: Compiled from official statistics of U. S. Department of Commerce.

Senator MALONE. The United States Mint uses from 2,000 to 7,000 tons of copper a year to make pennies. One pound of copper makes about 145 pennies, which are 95 percent copper and 5 percent tin and zinc.

The current annual per capita consumption of copper is 18 pounds.

The average automobile contains 45 pounds of copper, most of which is in the radiator. This does not include copper in the radio, heater, air-conditioner, or other equipment which may be installed.

A tariff on copper, whether it be 10 cents or 5 cents or 2 cents or none at all, makes no difference in the price of the product to the consumer. There are 45 pounds of copper in an automobile.

If it is 36 cents a pound, that would be about $16 worth of copper in an automobile. If the tariff were 4 cents per pound, the total cost of the tariff would be $1.80 on a $3,000 or $4,000 automobile.

That is what makes it sound so silly when they say $40 a ton for copper. But you don't use pure copper in an automobile. So all they are trying to do is make a case that no one will analyze. When I say "they" I am not talking about our companies particularly, I am talking about people who wish to import copper and wish to prevent any independent production in this Nation.

Mr. Chairman, Chile is the principal foreign producer of copper at this time. However, within 2 years Peru will be in the copper business on a large scale and South Africa will be in the copper business on a large scale. As far as security is concerned, we will be able to get copper from both Peru and Chile in the event of a war. But copper will not be available from South Africa in an emergency.

Mr. Chairman, I would like to refer to the hearings that have been held previously.

Beginning with 1949, on page 21 of the hearings of February 17 and 24, 1949, on H. R. 2313, an act to suspend certain import taxes on copper, I said in starting my testimony:

I want to say first in a general statement that copper is in the same category of other products involved in the general reciprocal trade program. The three-part free trade program applies equally to copper as to other American products.

Free trade in copper, while international copper is selling at as great or greater price as the United States, the tariff or the import fee has little or no effect.

But by having that cushion for it to drop back on, as it has many times before and will again when world production makes it a plentiful metal, then the cushion is there to the extent of the tariff or import fee. It is 4 cents now, and under any flexible arrangement it could be increased or decreased as the differential of cost, due mostly to the standards of living, changed.

When the prospector, who finds these mines to start with, knows that there is no cushion and there is no protection from the low-cost labor in Chile or the Argentine or any other South American nation which produces large amounts of copper, then he does not prospect for copper, since when the world price decreases below the cost of production in this country, there is no protection and he could not sell a propspect or mine if he found it.

To understand the mining business, I have come from a mining country, you only hear of the copper mines, you do not hear of the prospectors who die broke, and the companies that go out of existence because their stockholders either refuse to put in more money or are broke, and about the promoters who are trying to promote and finance mining prospects and trying to develop a mine.

I would say, roughly, to give you some idea of the job in developing a mine, that perhaps 150 or 200 prospects must be examined by an engineer to find one or two that warrant a spending of investors' money for development.

Of these 150 or 200 prospects found by prospectors, and they are not found by engineers, only one or two and perhaps none will develop into a large mine. Engineers do not discover mines, they turn them down.

But every prospector thinks he has, of course, a bonanza, so he sells the idea to an engineer who looks at it, and most of the time, as I have said, turns it down.

Out of perhaps 200 of them he will recommend that a few hundred or a few thousand dollars be expended on 1 or 2 of them, from step to step, he follows it as long as he thinks it is a good bet. Then out of the class of the 1 or 2, perhaps 1 out of 50 of them makes a mine.

In other words, it is a long, laborious, expensive process to find a mine in this or any other country. So the people you put out of business through free trade are the people who comb the hills to find prospects and the engineers who comb the prospects to find something that they can spend a little money on, and then the ones who have put up the money to try to make a mine.

When there is no cushion to rest on, to stop the price going below the cost at which you can afford to operate a mine in this country, then the prospectors and developers will lose interest, and you have lost the interest of the men who find the mines in the first place in this country * * *.

Once you go out of the mining business and the miners scatter, you cannot gather them together again in time to save you from any war or other emergency; and you cannot develop a mine quickly no matter how many prospects you have. * * *

The Department of the Interior has long advocated that we should save our prospects in oil and other minerals and import what we need. In addition to losing the taxable property and the employment which is very important in this country, and will become more important soon, we would lose that national safety, that national security which is so important, because you cannot possibly get back in the business, once the men have been lost from this specialized field, in time to do any good. * * *

Mr. Chairman, I want to refer to a report conducted by myself, starting in 1938, published in 1944, called the Industrial West

Foundation. It has 38 sections, and covers the complete industrial situation of the 11 Western States, Alaska, Hawaii, and the Philippines:

Investigations made in the preparation of this book have shown that at that time there were 464 known areas containing copper deposits distributed as follows: Arizona, 89; California, 74; Colorado, 78; Idaho, 20; Montana, 68; Nevada, 19; New Mexico, 50; Oregon, 9; Utah, 28; Washington, 17; Wyoming, 22. In the last 10 years a great many more have been added to this list. One of the largest of the new ones is the San Manuel Copper Corp.'s property where ore reserves totaling almost 500 million tons averaging 0.77 percent copper have been disclosed. The financing of this property was aided by the Government to the extent of $94 million. Under a long-range policy of protection for a domestic industry based on equal and fair competition, this could have been financed entirely by private capital, as it should have been.

The mineral industry as a whole, and I do not single out copper as a special example, must be financed either by the Government, which means the small taxpayer, or by a few large corporations who, by virtue of their foreign holdings, can manipulate the market at will.

In closing, Mr. Chairman, I merely want to say that there are more irrelevant statements made in connection with the production of copper than tungsten, lead, or practically any other material. I just do not understand how so many things could be sold to a committee. Just as our very efficient assistant said— Mr. Chairman, we do not produce as much copper as we use, and there is no opposition to this.

Well, that is all there is to it. And there could not possibly be any opposition to it by the companies that are producing it, because they are the ones that want to control it.

So I say to you, Mr. Chairman, I deeply appreciate you giving me this opportunity to appear before you. As I understand the situation now, we will have the minority report ready by Wednesday night, Wednesday evening, so we can be ready Thursday morning to take it up on the floor.

The CHAIRMAN. Thank you very much, Senator Malone.

In view of the fact that this hearing was held without sufficient notice being given to interested industry witnesses who might have desired to appear, I submit for the record a letter I have received from the Honorable Scott W. Lucas, former Senator from Illinois and majority leader of the Senate, cosigned by Mr. Douglas G. Mode, favoring the enactment of H. R. 5695.

(The letter follows:)

WASHINGTON 6, D. C., *May 5, 1955.*

Hon. HARRY F. BYRD,
Chairman, Committee on Finance,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: On January 27, 1955, Representative Reed introduced H. R. 3202, to continue until the close of June 30, 1958, the suspension of certain import taxes on copper. On April 20, 1955, Representative Cooper, chairman of the Committee on Ways and Means, introduced an identical bill, H. R. 5695. On May 3 the Committee on Ways and Means reported unanimously the Cooper bill, and on May 5 Mr. Cooper asked unanimous consent for the immediate consideration of H. R. 5695, and, after a few preliminary remarks by members of the committee, the bill was ordered to be engrossed, read a third time and passed, and a motion to reconsider was laid on the table.

Previous to the passage of this bill, reports were solicited by the Ways and Means Committee from the interested Federal departments and agencies as to their opinion relative to this legislation and those departments and agencies were unanimous in their approval of same. As a result of the above, the bill, along with the report, goes to the Senate and, of course, will be appropriately referred to your committee.

As attorneys, respectively, for Revere Copper & Brass, Inc , and Bridgeport Brass Co., we advised Chairman Cooper of the Ways and Means Committee that we were ready and willing to testify before said committee on the merits of our proposal should the committee decide that hearings on the measure were necessary. However, the information furnished by manuscript to Chairman Cooper was held sufficient by the committee without testimony in person.

In the light of the above facts, we respectfully submit a few observations on what the bill does and why it should be enacted at the earliest possible time.

First, what does H. R. 5695 do? It continues until June 30, 1958, the suspension of import taxes on copper, first suspended in 1947, and, except for a 10-month period, continually suspended since, the latest suspension appearing in Public Law 452, 83d Congress, which expires in June of this year. The import tax under suspension is the $40 a ton set under the General Agreement on Tariffs and Trade (Geneva), which represented a 50 percent reduction from the $80 a ton fixed by the Revenue Act of 1932. H. R. 5695, in continuing this suspension, leaves undisturbed the requirement in the 1951 law (Public Law 38, 82d Congress) to the effect that the suspension must be revoked by the President if the average price of electrolytic copper for any calendar month falls below 24 cents per pound.

Second, why is this bill confined to copper? It is confined strictly to copper, because the copper situation in this country is in a class by itself, with problems peculiar to that industry. The problems peculiar to the industry are brought about through the fact that we do not produce enough copper from our domestic sources to take care of our domestic consumption. In the visible constituents of the American way of life, there is a large and growing place for copper—in housing; in electronics, electrical equipment, telephone and telegraph installations; in automotive, sea and air transportation; in industrial and commercial construction; in schools, hospitals, and other public works. It is a safe statement that without copper we would never have attained today's vaunted peacetime standard of living. Furthermore, domestic consumption will probably increase. That consumption of copper will rise is indicated in an article by the Assistant Chief of the Base Metals Branch of the United States Bureau of Mines, who pointed out that this increase will result from the fact that copper is used so extensively by electrical, construction, automobile, and some other basic industries. It is also pointed out in this article that population gains and improvements in living standards "doubtless will cause an uptrending consumption of copper in the years ahead."

Copper, of course, is indispensable in wartime. The Department of the Interior's monumental compilation on copper for the National Security Resources Board has much to say about the importance during World War II of copper, not only in the construction of tanks, bombers, and battleships but in the production of ammunition and in the more conventional wartime uses, such as communications. The importance of copper in a soundly conceived defense program is also reflected in the fact that under directives of the Office of Defense Mobilization targets have been set for the national stockpile of copper.

In short, in an adequate supply of copper is encompassed a progressive domestic economy and a sound national security.

Third, do we need copper imports? When it is realized that even without defense and stockpiling requirements, the commercial and industrial requirements substantially exceed domestic production, it is obvious that we need copper imports.

(*a*) Only two-thirds of our needs are met by domestic production. The deficit (the difference between total crude production and deliveries) in 1954 totaled 240,208 tons. There has been a continuous domestic-copper deficit since 1940, ranging from about 10,000 tons in that year to 676,175 tons in 1945. This continuous deficit has been made up by net imports, 85 percent of which have come from Western Hemisphere producers, principally Chile.

(*b*) The domestic price, as of this date, has been increased from 33 to 36 cents per pound. The price in the foreign market was generally quoted at 38.19 cents per pound. The increase in the domestic market was the result of pressure from Chile for higher prices on limited tonnages of copper which they were shipping and selling to the American market at 33 cents. No more copper was made available to American industry because of domestic-price increases.

(*c*) Since there continues to be a tremendous shortage of copper for use by our domestic fabricators, the Business and Defense Services Administration, Copper Division, of the Department of Commerce, through the Office of Defense Mobilization, has released to domestic industry 10,400 tons of copper, to be distributed through the second quarter, or at the rate of approximately 3,500 tons per month. This is further indication that our Commerce Department recognizes the continued shortage of copper for American industry and, therefore, the tonnage given to American industry is insignificant.

(*d*) In addition, in order to provide more copper and scrap in this country, the Department of Commerce has placed quotas on the exportation of domestic copper and scrap for the second quarter. This action again points to the shortage of copper in our domestic economy.

(*e*) It is not our intention to burden you with statistics (all of which are available to you); it is sufficient to assure you that the figures show that our needs cannot be met from domestic production and that as long as these needs, irrespective of the needs of military or stockpiling requirements, continue, we simply must import copper.

Fourth, why is the suspension for 3 years? In the first place, it is to be noted that H. R. 5695 continues the requirement in the 1951 law to the effect that the suspension must be revoked by the President if the average price of electrolytic copper for any calendar month falls below 24 cents per pound. In other words, this is not a blanket, unlimited extension, but contains, within the framework of the law itself, the circumstances under which the suspension is itself suspended.

In the second place, as has been indicated above, most of the imports come from Chile and all authorities agree that it is important to maintain a steady and reliable source of this strategically important commodity in the Western Hemisphere. It is of some concern that Chile has been (understandably enough, in the light of the better prices obtainable) sending considerable tonnage to Europe, and correspondingly smaller tonnages to this country. The consequent shortage here is critical, and has become sufficiently alarming to have led the Director of the Office of Defense Mobilization to authorize the sale to domestic industry of substantial tonnages of copper owned by or under contracts to the Government. Congressional and executive department reports on Latin America uniformly urge trade policies with Latin America which possess stability and consistency. A 3-year suspension, as provided in H. R. 5695, would represent a tremendous step in the direction of assurances of that stability and consistency in our relationships with copper-exporting countries, particularly Chile.

In the past 2 years, Chile has shipped much more copper to Europe yearly than had been their custom. (In the first 50 days of this year, of the 60,714 tons of copper shipped from Chile, 37,868 tons went to Europe and the United States received only 22,753 tons.) If the import tax were to be reimposed, it would be logical to assume that Chileans would increase their exports to England and Western Europe, where they often, as in the past 2 years, received considerably higher prices than they could get in the American market.

Furthermore, we can create a more favorable and more friendly relationship with the Chileans through a 3-year suspension than we can by asking them to live on a year-to-year basis. The Chileans are very apt to view a 1-year suspension in the light that we need them now but next year, if we don't need them, we will reimpose the tax. Hence, there is no assured continuity in their dealings with American users—we ask them to take care of us in times of shortage and to go elsewhere should we ever achieve the position of plentiful copper, which, of course, looks very doubtful for the long foreseeable future.

Fifth, will the passage of H. R. 5695 affect the domestic mining industry? The overwhelming majority of the industry supports H. R. 5695.

In the last 40 years the average annual domestic mine capacity has hovered around the 1 million-ton mark, and that figure is expected to continue for at least several years. Bear in mind that this is not anticipated production, but rather the ability of mining properties to maintain a maximum level of production—assuming sufficient reserves and no production losses due to manpower shortages, strikes, Government restrictions, or treatment-plant shutdowns.

The suspension of the tariff on copper has had absolutely nothing to do with volume of our domestic mine production. That production was 928,330 tons in 1951 (466,630 tons less than consumption), 925,359 tons in 1952 (466,118 tons less than consumption), 926,448 tons in 1953 (449,421 tons less than consumption), and 836,254 tons in 1954 (393,523 tons less than consumption). It is obvious that this high level of output was substantially equal to capacity (the decline in 1954 was due to strikes in August, September, and October), for it came in a period of favorable prices coupled with large demands. It is equally obvious that the presence of a tariff during these 4 years would not have produced an ounce more copper.

In short, imports are obviously necessary; in the light of this fact, there is no logic in an import tax, and the imposition of a tariff will not and cannot increase our domestic capacity.

Sixth, is our national security affected by this bill? We are still in a cold war, and it is the policy of this country to maintain an adequate national defense to meet any international emergency as it arises. Copper is one of the strategic materials used by every branch in the service.

And in connection with national defense, hemispheric relations must not be overlooked. We think it is common knowledge that this Government is looking to countries in South America to provide us with a substantial part of our strategic and critical materials for our national defense. We must continue friendly relations with these countries. Chile is one of the countries with which friendly relations exist and should continue to exist because at the present time the bulk of all the imports of copper to this country comes from Chile. We are satisfied that to disturb the present relationship between this country and Chile by an import duty on copper would produce an unfavorable and undesirable condition.

Seventh, how does H. R. 5695 affect our domestic economy? It should be emphasized that if H. R. 5695 is not passed, there will be a very real effect on our domestic economy. The prices of the finished metal would necessarily rise. The $40-a-ton duty would have to be passed on to the consumer, as would other increases in cost. Unless prices can be kept to a point where American consumers can afford the finished products, either the additional cost will drive the market to a substitute (thus losing a market difficult to recapture) or the product will simply not be bought (thus lowering a standard of living and affecting an ever-widening circle of dependent commercial activities). In addition to higher prices, it will mean that many fabricating plants must curtail their operations. This, in turn, will mean less employment in the fabricating plants, in the electrical and automotive industries, and can have a serious and widespread effect.

Mr. Chairman, may we summarize, that the peculiar qualities of copper's usefulness make that metal vital to this country; that the domestic supply of copper is limited; that imports are necessary; that the relations with and reliance on our Western Hemisphere neighbors underline the wisdom of a 3-year extension of the present suspension; that in the posture of an undersupply of a needed metal, an import duty is indefensible; and that H. R. 5695 should be passed with all possible dispatch so as not to interrupt the orderly domestic mining and importation, smelting, refining, and fabricating processes.

In view of the fact that the present suspension will expire on June 30 of this year, we hope that your committee will find time in its extraordinarily busy schedule to take up this bill at the earliest possible time and report it favorably.

In conclusion, we sincerely hope that in view of the reporting out of this bill by the Ways and Means Committee of the House of Representatives without formal hearings, your committee may find it possible to do likewise. However, in the event open hearings are ordered, we stand ready to furnish the committee with testimony which will coincide with all the facts and figures presented in this memorandum.

Respectfully submitted.

SCOTT W. LUCAS,
Attorney for Revere Copper & Brass, Inc.
DOUGLAS G. MODE,
Attorney for Bridgeport Brass Co.

The CHAIRMAN. The meeting is adjourned.

(Whereupon, at 1:05 p. m., the committee adjourned.)

×