

TARIFF COMMISSION TO MAKE ADDITIONAL INVESTIGATION UNDER SECTION 332 OF TARIFF ACT OF 1930 OF DOMESTIC LEAD AND ZINC INDUSTRIES

AUGUST 19 (legislative day, AUGUST 18), 1959.—Ordered to be printed

Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

R E P O R T

[To accompany S. Res. 162]

The Committee on Finance, to whom was referred the resolution (S. Res. 162) requesting the U.S. Tariff Commission to make an additional investigation under section 332 of the Tariff Act of 1930 of the domestic lead and zinc industries, having considered the same, report favorably thereon without amendment and recommend that the resolution do pass.

PURPOSE

The purpose of Senate Resolution 162 is to direct the Tariff Commission to make a further investigation of the current condition of the lead and zinc mining industries along the lines of the investigation culminating in a report on April 19, 1954, and to submit a supplemental report bringing down to date that earlier report.

GENERAL STATEMENT

The lead and zinc industry has a long chronology of appeals and studies aimed at the revitalizing of the industry and the reemployment of its many unemployed miners.

1. The lead industry petitioned for escape clause action on May 10, 1950, because of the serious inroads being made by the growing imports. Mexico, the other party to the trade agreement under which the duty had been reduced, abandoned that agreement and, effective December 31, 1950, the United States withdrew most of the concessions made to Mexico, including the one made on lead. The duty was returned to the 1930 level.

2. Early in 1951, the industry was advised that new tariff reductions were contemplated and, even though the industry felt they had been injured by the earlier tariff concession, and even though they made strong representations concerning the probable effect of new tariff reductions, the new concessions were made at Torquay and went into effect on June 6, 1951. Mexico was again the chief beneficiary, although this time there was no reciprocal concession by that country.

3. In the meantime, on February 14, 1951, the industry had petitioned the Tariff Commission for an investigation under section 336 of the Tariff Act for the purpose of comparing foreign and domestic costs of production. The Commission refused to undertake this study because lead and zinc had been listed for a possible concession in the approaching negotiations at Torquay.

4. By resolution of the Senate Committee on Finance (July 27, 1953) and the House Committee on Ways and Means (July 29, 1953) the Tariff Commission was asked to make a full investigation of the lead-zinc industry and issue a report thereon.

5. On September 14, 1953, the lead-zinc industry petitioned the Tariff Commission to make an investigation under section 7 (the escape clause) of the Trade Agreements Act.

6. The Tariff Commission made the two investigations concurrently and on April 19, 1954, made a 356-page report to the congressional committees and on May 21, 1954, sent a unanimous finding of serious injury to the President with recommendations for the maximum increase in duties.

7. On August 20, 1954, the President formally declined to follow the recommendations of the Commission. Certain stockpile purchases, aimed at temporary assistance to the industry, were ordered and, subsequently, some barter transactions were arranged.

8. On May 28, 1957, all barter exchanges were ordered stopped, and on August 1, 1957, the Office of Defense Mobilization announced that stockpile goals were met. Stockpiling of lead and zinc were officially ended in April and June 1958.

9. On June 19, 1957, the administration recognizing the serious plight of the industry, sent to Congress a proposal for suspending existing duties on lead and zinc and substituting therefor a series of import taxes to be effective only when the price of lead was below 17 cents and the price of zinc below 14½ cents.

10. Hearings were held on the administration's bill on July 22-24, 1957 (Finance Committee) and August 1-2 (Ways and Means Committee). The industry concurred in the floor prices of 17 cents and 14½ cents, but could not accept a schedule of import taxes amounting to far less than the Tariff Commission had recommended as the minimum needed. The President had also indicated that the minimums recommended by the Commission would not accomplish the desired end.

11. The Senate Finance Committee reported out the bill on August 20, 1957, and it was placed on the Senate Calendar. Following an exchange of letters between the President and the chairman of the Ways and Means Committee, which indicated possible inaction on the House side, the industry again petitioned the Tariff Commission for a new escape clause investigation. This petition was filed September 27 and hearings were held on November 19-26, 1957. In these hearings the industry suggested a combination of increased duties

plus quotas, based on a Presidential letter of August 20, 1954, that the maximum increase in duties recommended by the Tariff Commission would have only a minor effect on lead-zinc prices and would not put miners back to work.

12. Again the Tariff Commission unanimously found the domestic lead-zinc industry was being seriously injured and all six Commissioners recommended at least the reimposition of the 1930 rates and three of the Commissioners recommended the maximum increase in duties plus the use of moderate quotas.

13. Immediately after the Tariff Commission decision the Secretary of the Interior proposed a domestic minerals stabilization plan with a target of stabilizing mine production of lead at no less than 350,000 tons of lead and 550,000 tons of zinc. The prices finally agreed upon were 15½ cents for lead and 13½ cents for zinc, plus some additional stabilization payment for the smaller mines.

14. Early in 1958, during consideration of the extension of the Trade Agreements Act, the Ways and Means Committee defeated (14 to 10) an amendment which included a 4-cent tax on lead and zinc if increasing imports caused prices to drop below 17 cents for lead and 14½ cents for zinc.

15. In the meantime, during June and July of 1958, the Senate Interior Committee held hearings on the stabilization plan bill (S. 4036) which was favorably reported and which passed the Senate on July 10, 1958, with only 12 votes mustered against it.

16. On June 20, 1958, the President had announced that he was suspending consideration of the Tariff Commission's recommendations pending the outcome of the congressional votes on the proposed minerals stabilization plan.

17. The House Interior Committee held hearings on this plan in late July 1958. The committee reported it favorably but it was rejected by the House on August 21, 1958, by a vote of 182 to 159.

18. On September 22, 1958, the President announced the establishment of import quotas, effective October 1, 1958. Today, 10 months after the quotas were applied, lead production has not increased in any degree and remains 23 percent (85,000 tons) below the minimum "safe" level and zinc output has increased only slightly and is still about 20 percent (100,000 tons) below the minimum level of 550,000 tons.

19. After 10 months operation under the quotas established more than 15,000 miners in the lead-zinc industry are still unemployed, a decline of 60 percent of the workers employed in 1952. In the meantime, employment and output in foreign mines has been unaffected.

20. Beginning on June 25, 1959, the Subcommittee on Mines and Mining of the House Committee on Interior and Insular Affairs held hearings on the depressed domestic mining and minerals industries and on July 23, 1959, the full committee issued a report which states that the facts confirm "the existence of a state of emergency in important segments of the domestic metal and mineral industry and in many mining communities in the United States."

21. The emergency in the lead-zinc industry has been the subject of three meetings under the auspices of the United Nations. Notwithstanding that at the third of these meetings certain foreign mineral-producing countries announced plans for reductions in production, exports and sales of lead and zinc during the last half of 1959,

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nothing even tending toward the relief of the emergency in the United States has occurred. The United Nations Committee has reported current favorable balances between world consumption and world production, but these balances have been achieved only on the basis of the present and continued depressed condition in the United States. Nothing has happened or is contemplated for the relief of the U.S. mines.

Senate Resolution 162 would direct the Tariff Commission to bring down to date its earlier report under section 332 of the Tariff Act (April 19, 1954), said supplemental report to be made to the Congress on or before March 31, 1960. This report shall include specific findings with regard to the current condition of the lead and zinc mining industries and as to what additional import restrictions, if any, may need to be imposed in order that lead and zinc mining operations in the United States may be conducted on a sound and stable basis.

The committee urges the adoption of the resolution.

