

PRESIDENT'S ADDRESS

By D. Broward Craig
President
Lead Industries Association, Inc.
and
Executive Vice President
St. Joe Minerals Corporation

Nineteen hundred seventy-three has been a fascinating year in the lead business. Nineteen hundred seventy-four should prove equally interesting. We hope that today's program will hold your attention. Had we fixed the subjects a year ago, today's session would certainly not have placed the same emphasis on energy. But just as our companies must react to new developments, the LIA must and does have the flexibility to move to meet such changes.

To set the background for today's talks, it seems worthwhile to reflect on some of the events of the past year and consider the pertinency of the major efforts now being carried on by your Association.

Reported statistics indicate that world production of lead increased slightly in 1973 over the previous year, going from about 4,450,000 short tons to about 4,560,000 tons, while consumption was almost unchanged. In the United States, production and consumption remained constant. Yet most people in this room would agree that adequate supplies have been increasingly difficult to obtain.

Significant changes have occurred in the supply pattern as economic policy isolated the United States from the normal world flow. With foreign and U.S. demand strong, and the U.S. lead price restrained by the Cost of Living Council, foreign imports dropped sharply in 1973 -- from over 240,000 tons to less than 180,000 tons -- and some U.S. production wandered overseas. To cope with this shift, the GSA stockpile was tapped in much greater quantities than previously expected, rising from 50,000 in 1972 to 242,000 tons in 1973.

D. BROWARD CRAIG

Page -2-

Decontrol of lead prices in December of 1973 brought U.S. price increases, as expected. Curiously, however, demand throughout the world has remained strong, and so far in 1974 a substantial disparity between U.S. and foreign prices continues, imports of lead into the U.S. are still down, some U.S. exporting of lead and lead products continues and GSA drawdowns are heavy.

This picture raises questions, both as to root causes and as to what will happen. Concerning the causes, surely world inflation is involved, including the relative rates in various nations and the concomitant adjustments in currency values. It follows that there should be greater stability as these relationships settle out. Nevertheless, the changing economics of production, with vastly greater capital investment costs -- partly related to environmental health policy -- and escalating labor and materials costs, will henceforth probably tie lead costs and prices more closely to general inflation rates than heretofore.

As for results, is there a basic shortage of supply? We think not. In fact, even today it seems that there is a reasonable world balance between supply and demand. And additional reserves will be coming on stream. The greater danger to lead producers and fabricators is in a decline in usage, based not so much on price as on technology. For example, the newly adopted regulations on lead in gasoline could reduce usage of lead for this purpose from about 275,000 tons in 1973 to under 100,000 tons in 1980. And tonnage used for ammunition, cable sheathing, sheet lead, solders and other uses are on the decline. Despite the current profitability of the lead business, it is clearly the time to redouble efforts to defend old uses and find and commercialize new ones. This is where LIA, as well as ILZRO -- the industry research

organization -- play an ever-increasing role. The major thrusts are these:

1. As indicated in the LIA Annual Report, almost 40% of 1973 Project funds went into the Health and Safety Area. Additional funds came from ILZRO and the tetraethyl lead producers. Jerry Cole will talk to you specifically on this subject this morning, so I shall merely note that this work involves a number of facets, ranging from defending the use of lead in gasoline, to showing that pediatric lead poisoning is not related to current lead products, to developing and disseminating information concerning appropriate tests and safeguards for workers at lead producing plants. This year we are also taking action to promote manufacturing standards for the use of lead glazes in ceramics, an important area which Jerry Smith will talk about later today.

2. That the promotion and advertising of the various uses of lead has been stepped up is evident from the kits you received at registration as well as the display in the rear of the room. In 1974 the use of lead for sound attenuation will receive increasing attention as will various architectural applications. A major project begun last summer and flowering this year is the production of a new motion picture to replace The Lead Matrix. It will emphasize the positive aspects of lead and its modern uses.

3. Emphasizing a particular market which could absorb important additional tonnages of lead is the GoLIATH project which Connell Baker will describe shortly. The petroleum fuel shortage has accelerated interest in battery-powered vehicles remarkably and we believe it is time to spend real money both to show what is now available and, through encouraging and doing research, to further perfect the lead acid traction battery.

4. Finally, with the welcome addition to our ranks of a number of solder manufacturers, we shall be trying to help them develop meaningful programs in that area of lead use.

D. BROWARD CRAIG

Page -4-

With the increasing need for new lead product development and promotion, it is fitting that efforts of the International Lead Zinc Research Organization and Development Associations around the world should become more and more integrated. To assist in this effort, there was established in 1973 a Joint World Committee which has representation from the various organizations and their sponsors and discusses the ongoing programs of each. A profitable meeting was held here earlier this week which should help Phil Robinson and your next two speakers to ensure that what their organizations are trying to do are mutually supportive.

To sum up, I believe that despite current tightness of supply, the critical problem of the next few years in lead is the development of expanded commercial markets -- and a major effort in this area needs to be undertaken by all of us, both individually and especially through LIA.

. . .