LEAD INDUSTRIES ASSOCIATION

420 LEXINGTON AVENUE
NEW YORK 17, N. Y.

December 20, 1946

To Members of the Lead Industries Association:

SUBJECT: TARIFF BRIEF-LEAD PIGMENTS AND LEAD ARSENATE

In connection with the forthcoming trade treaty negotiations with eighteen countries, attached please find a copy of the statement which, with the approval of the Executive Committee, has been filed with the Committee for Reciprocity Information with reference to

Par. 72: Lead Pigments; Litharge; Orange Mineral; Red Lead; White Lead; All Pigments containing Lead, dry or in pulp, or ground in or mixed with oil or water, not specially provided for.

and

Par. 46: Lead Arsenate; Lead Compounds not specially provided for.

of the Tariff Act of 1930.

Very truly yours,

Secretary.

STATEMENT

of the

LEAD INDUSTRIES ASSOCIATION

to the

COMMITTEE FOR RECIPROCITY INFORMATION
Washington, D. C.

on

TRADE AGREEMENT NEGOTIATIONS WITH AUSTRALIA, BELGIUM, BRAZIL, CANADA, CHILE, CHINA, CUBA, CZECHOSLOVAKIA, FRANCE, INDIA, LEBANON (SYRO-LEBANESE CUSTOMS UNION), LUXEMBOURG, NETHERLANDS, NEW ZEALAND, NORWAY, UNION OF SOUTH AFRICA, UNION OF SOVIET SOCIALIST REPUBLICS, UNITED KINGDOM.

covering

Par. 72: Lead Pigments: Litharge; Orange Mineral; Red Lead; White Lead; All Pigments containing Lead, dry or in pulp, or ground in or mixed with oil or water, not specially provided for.

Par. 46: Lead Arsenate: Lead Compounds not specially provided for.

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New York 17, N.Y.

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STATEMENT OF LEAD INDUSTRIES ASSOCIATION

December 20, 1946

The Chairman
Committee for Reciprocity Information
Tariff Commission Building
8th and E Streets, N.W.
Washington, D.C.

Subject: Trade Agreement Negotiations with Australia, Belgium, Brazil, Canada, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon (Syro-Lebanese Customs Union), Luxembourg, Netherlands, New Zealand, Norway, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom.

Products: Par. 72: Lead Pigments: Litharge, Orange Mineral; Red Lead; White Lead; All Pigments containing Lead, dry or in pulp, or ground in or mixed with oil or water, not specially provided for.

Par. 46: Lead Arsenate: Lead Compounds not specially provided for.

Dear Sir:

The Lead Industries Association, representing practically the entire lead mining, primary lead smelting and refining, and lead pigments manufacturing industries of the United States, respectfully requests that no further changes be made in the present tariff schedules established by the Act of 1930 or under the operations of the Trade Agreements Act, upon the products included in Par. 72 (Lead Pigments: Litharge; Orange Mineral; Red Lead; White Lead; All Pigments containing Lead, dry or in pulp, or ground in or mixed with oil or water, not specially provided for, which were reduced in Trade Agreements with the United Kingdom, France, Belgium and Switzerland, or upon the products included in Par. 46 (Lead Arsenate; Lead Compounds not specially provided for).

S U M M A R Y

1. The lead products under consideration in Par. 72 (Lead Pigments: Litharge, Orange Mineral, Red Lead, White Lead, All Pigments containing Lead, dry or in pulp, or ground in or mixed with oil or water, not specially provided for) and Par. 46: (Lead Arsenate; Lead Compounds not specially provided for), normally account for about one-third of the total lead consumption of the United States.

2. The domestic lead mining industry, which is basic to the national defense, depends upon these products for a substantial part of its market.

3. Reduction in the duties on these chemical products would subject them to a flood of foreign competition which would not only damage or destroy the domestic industries manufacturing them but also injure the lead mining, smelting and refining industries in this country which produce the necessary raw material, pig lead.

4. Irreparable damage to the national security would follow, because a healthy lead mining industry is dependent upon healthy consuming industries, and mines once shut down cannot be quickly or easily put into operation again.

5. The national security would be further impaired because the incentive to prospect for new lead deposits and further to develop existing deposits would be reduced.

6. The tariff admittedly raises the domestic price of lead, which in turn helps to develop marginal ores and thereby assists in curing the serious temporary lead shortage.

7. The reciprocal trade agreements are designed to stimulate imports and exports. The lead industry, for the first time in the history of the United States, is on an import basis, and the tariff is no barrier to imports, as they are needed today and for an indefinite period. The tariff will not prevent anyone from importing lead into the United States, nor for that matter, manufactured lead products, because the domestic price is equal to the world market plus the tariff and cost of importation.

8. The large volume of lead imports for the first time in history will bring in substantial revenues to the government. Heretofore production and consumption have been substantially balanced and the revenue derived from the tariff of minor importance.

9. When ceiling prices were recently removed, the domestic price of lead rose and subsidies currently paid the mining companies were in some cases eliminated, and in others greatly reduced. Without the help of the tariff or of subsidies, domestic mines would shut down in great numbers. We believe that a tariff is preferable to subsidies as a means of encouraging production.

10. The present protection afforded the products under consideration is extremely moderate, being merely compensatory above the duty on pig lead, and is about the same as similar compensatory protection given by the Acts of 1930 and 1922, despite rising manufacturing costs in the United States as compared with other countries, and rates of exchange favorable to foreign manufacturers.

11. The lead pigments under consideration all received substantial cuts in tariff protection in trade agreements already consummated with the United Kingdom, France, Belgium and Switzerland. Further reductions would leave them with little or no protection above that afforded the raw material, pig lead, and would make it impossible to compete with foreign products made by much lower paid labor with lower living standards. As a matter of fact, no increase in these rates was requested or received in the Tariff Act of 1930, and since the rates are specific, and not ad valorem, the amount of protection now provided is negligible and is well below the protection, both specific and ad volorem, provided in 1922 and 1930. The duties on these products on an ad valorem basis now average only about 15%, or less than 50% of the 1922 and 1930 protection. (See table on page 6 for details).

12. The lead pigments and chemical products under consideration are all essential to the national security. They represent large industries offering an important source of employment in the United States. Export trade in these products by United States' manufacturers in the past has been negligible because of their inability to compete with low cost foreign producers, proof of the effect lowered tariff protection would have on the American industry.

RELATION OF MANUFACTURED LEAD PRODUCTS TO THE MINING INDUSTRY

The lead pigments and chemical products under consideration here are essential to the national security, and of even greater importance is the fact that they are made from lead, which is basic to national defense. Therefore, the effect on lead, itself, of any change in the tariff schedule on lead products must be considered as well as the effect on the products.

The problem is one of true conservation. How best can the lead resources of the United States be developed to provide at all times an adequate supply of the metal for purposes of security and public welfare?

THE SERIOUS SHORTAGE OF LEAD

There is now both a domestic and world temporary shortage of lead. It may be argued that tariff reductions would encourage the import of products made from foreign lead and thus conserve the reserves of lead in this country by reducing the demand for domestic lead by American manufacturers. This argument is based, however, on the mistaken premise that there must always be a shortage of lead in this country, a theory which we cannot hold.

It is our firm belief that the greatest true conservation of lead can be accomplished by providing the lead mining industry of the United States with active, healthy domestic markets for its product. To foster foreign competition which will curtail the markets for the product of lead mines in the United States can, in the long run, but aggravate the current lead shortage by encouraging the stagnation of lead mining here while encouraging other countries to build up greater lead reserves and stronger lead mining industries in areas within their control.

We believe that this problem must be considered, not in the light of the lead situation as it exists today, but rather for its effect on the long term position of lead, an absolutely essential industrial and war commodity.

We urge continuation of the long established policy of moderate protection for lead products which has made the United States the greatest lead producing country in the world, so that healthy markets for lead may continue domestically and that further developments of the lead mining industry may result.

REDUCTION OF ORE RESERVES

The war just ended placed a terrific burden on the lead mining industry and proved reserves of lead in the United States have been momentarily reduced. The reduction of reserves and the current shortage can both be attributed in large measure to the fact that exploration and development work suffered during the war, nearly all available men and materials being devoted to production. To conduct mineral exploration and development, and get new ore bodies or extensions of existing ore bodies into production is not a quick process. A period of many years may be involved before production can be expected, starting from scratch.

Furthermore, a mine once shut down for lack of market or too low price for its product cannot be reopened quickly and often considerable delay and expense is involved. Stopes may cave, mines fill with water and shafts become unusable during periods of idleness.

For these reasons, it is imperative to encourage markets and prices which will keep the lead mining industry operating actively, and searching for and developing new reserves which we are confident exist in the United States. It has never been customary for the lead industry to show more than a few years of reserves ahead. Under proper incentives, it has always been able to find the needed lead. The history of the industry shows that, under the free working of the economic system, higher prices have invariably brought out greater supplies of lead and conversely, low prices have caused mines to curtail or discontinue production. Therefore, anything with a tendency to depress prices will reduce production and the search for and development of new reserves. This would be the long time effect of tariff reductions on lead products embraced by Par. 46 and Par. 72, which would jeopardize important outlets of the lead miner and eventually depress the price of his product.

THE ASPECT OF MILITARY SECURITY

Furthermore, the lead products under consideration are themselves materials important to the national security, represent a heavy capital investment, and constitute an important source of employment and wealth. They are used in storage batteries for automobiles, submarines, tanks, torpedoes, aircraft, trucks and other implements of war, and for the maintenance of our overall transportation facilities, in aviation gasoline, in rubber, in paint for ships, and for all sorts of steel structures and equipment used for war production, and actually in waging war, in insecticides for the production of food and in oil refining. They are also used in making glass, ceramics, house paint, and for various other purposes. Imports which would injure the domestic industry manufacturing these products might well leave that industry, in times of war, unable to cope with the demands of national security.

Lead itself is essential to the national security just as it is to the civilian economy. A strong lead producing industry is needed at all times, ready to produce lead for atomic bombs, storage batteries, bullets, high test gasoline, equipment for the production of explosives and other chemicals,

cable for communications and power transmission, bearings for marine, plane and other engines, solder, insecticides for food production, and many other direct and indirect military uses. To fill these requirements, the lead industry must operate so far as possible in a steady manner replenishing mined ore through new explorations and keeping the properties in first-class operating condition without fear of losing markets in peacetime.

LEAD CONSUMPTION IN THE UNITED STATES

The following table shows the importance of the products under consideration and their relation to the total market for lead in the United States:

RELATION OF LEAD PIGMENTS AND CHEMICALS COVERED IN PAR. 46 and 72 TO TOTAL UNITED STATES LEAD MARKET

YEAR	LEAD USED IN PIGMENTS AND CHEMICALS	TOTAL U.S. LEAD CONSUMPTION	RATIO OF PRODUCTS TO TOTAL
1923	244,500	768,000	31.8
1295	261,900	856,500	30.6
1927	248,800	841,000	29.6
1929	252,200	948,500	26.6
1931	168,200	567,700	29.6
1933	141,200	449,500	31.4
1935	184,200	535,900	34.2
1937	215,300	678,700	31.7
1939	232,500	667,000	34.8
1941	310,600	1,050,000	29.6
1943	279,100	1,100,000	25.4
1945	299,400	1,000,000	29.9

NOTE: This table is based on U.S. Bureau of Mines and American Bureau of Metal Statistics data. It is incomplete for lead arsenate, which, if complete, would raise the amount of lead used in products and the ratio somewhat. Also lead used in white lead was drastically curtailed by the Government during the latter part of the war, making use of lead for that purpose abnormally low. Figures for tetraethyl lead are not included prior to 1937.

COMPARATIVE WAGE RATES

Wage rates paid labor in the production of these products in Great Britain, Holland, Belgium, Czechoslovakia and other potential competing countries are considerably lower than in the United States. Productivity of labor, however, should be about the same as the processes and methods employed are quite comparable.

Obviously the manufacturer of these products in the United States and the wage earners employed by him need the modest compensatory duty above the duty on pig lead in order to survive against low wage rates and to maintain higher level of living standards among American labor.

PROTECTION ALREADY LOWERED

Not only has the specific protection granted most of these products since 1922 already been substantially lowered in most cases, but the greater cost of these products today, both here and abroad, has resulted in a still further substantial reduction in real protection as shown by the specific rates converted to an ad valorem basis. The following table shows the specific rates established by the Tariff Act of 1922 and continued in the act of 1930, when no increase was requested despite general increases requested and granted on other products all through the Act, and reduced specific rates now applying as a result of previous trade agreements. It also shows these specific rates converted to an ad valorem basis on the prices prevailing in 1922, 1930 and 1946, and emphasizes the great decrease in the amount of protection already effected and the meager protection now afforded.

PROTECTION NOW AND WHEN TARIFF ACTS WERE PASSED

		Red Lead	Litharge	White Lead (Dry)
Price Cents per lb.	Ave. 1922*	8.35	7.65	6.95
	Ave. 1930*	7.7	6.7	7.0
	Dec. 20, 1946	15.15	14.15	13.75
Tariff Cents per lb.	1922	2.75	2.5	2.5
	1930	2.75	2.5	2.5
	1946	2.25	2.25	2.1
Protection on ad valorem basis, percent	1922	32.9	32.7	36.0
	1930	35.7	37.3	35.7
	1946	14.8	15.9	15.3

REDUCTION IN PROTECTION (PERCENT)

1946 compared with 1922	55.0	51.4	57.5
1946 compared with 1930	58.5	57.4	57.1

*Based on tonnage sold and value reported by U.S. Bureau of Mines.

WASTE OF ORE RESERVES

It is well known that mines can not shut down and reopen as easily as factories. A closed mine rapidly deteriorates, fills up with water, or caves, and the injury to the ore deposit through dilution of the ore with waste may be so serious that costly reopening may be prolonged indefinitely or the mine abandoned altogether. A report of the National Resources Board (1935) develops this point in an able manner, and although its remarks were written with copper in mind, they are equally applicable to lead:

> "Not least important, these fluctuations in price and output lead to serious waste of the resource. Mining efficiency and resource recovery require orderly and continuous operation and are handicapped by violent change in demand. Existing mines were laid out with a certain price level in mind and with a certain anticipated life. When prices

collapse, the initial plan of operation must all too often be discarded. Today mine operators are driven to neglect the most elementary work of maintenance. They are driven reluctantly to practice 'selective mining,' that is, to take only the richest portions of the ore body, abandoning the attempt to recover the associated lower-grade material. This practice of 'cutting the mine or 'picking the eyes out' reduces the average value of the ore left behind and at the same time increases future cost of recovering it, through caving and flooding of the workings. Again, mine owners are forced to take out the pillars previously left for support, when they contain bodies of high-grade ore, thereby allowing old stopes and levels to cave. As the shutdown continues, the damage grows progressively worse. Shafts and main haulage-ways collapse. Barren rock and ore are crushed and mixed together, making future separation difficult or impractical. In the great shrinkage stopes used in some mines waste rock mingles with the broken ore, diluting the metal content of the product and greatly increasing the cost. In Michigan and elsewhere mines are filling with water. The conditions cited are not imaginary. They are actually going on in many once famous mines, and taken together they act to endanger resumption of mining and to raise future costs. The increase in cost can not be estimated closely. It depends on conditions and on the time that may elapse before attempting to resume production. But any mining man can visualize conditions where the unit cost of later reopening and recovering the rest of an abandoned ore body might be 50 per cent, 100 per cent, or 200 per cent more than the cost if the same ore had been taken out in one continuous operation under the original plan of development."

BROAD EFFECT ON COUNTRY

Factories producing the lead products under consideration are widely scattered throughout the United States. Injury to this industry would thus be felt in many states, resulting in unemployment and its consequent effect on local business and prosperity. Below are listed states in which such factories are located:

California	Louisiana	Ohio
Georgia	Maryland	Pennsylvania
Illinois	Michigan	Texas
Indiana	Missouri	West Virginia
Kentucky	New Jersey	Wisconsin
Kansas	New York	

To an even greater extent would injury to the markets of the lead mining and smelting industry be felt. More widely scattered than the manufacturing plants, this industry is also often the sole business of the communities in which it is located. Lead mines, smelters or refineries are located in the following states:

Arizona	Kentucky	New York
California	Missouri	Oklahoma
Colorado	Montana	Tennessee
Idaho	Nebraska	Texas
Illinois	Nevada	Utah
Indiana	New Jersey	Virginia
Iowa	New Mexico	Washington
Kansas		Wisconsin

EXPORTS

Because of higher costs in this country and despite the fact that United States manufacturers can use foreign lead under the drawback provisions of the Tariff Act, domestic manufacturers have been unable to provide any real competition to foreign manufacturers even in countries where these products are not made. From this, it may be concluded that with lower tariff protection, American manufacturers would find it virtually impossible to compete even for the American market against foreign producers with lower labor costs and lower pig lead costs as well. The following table shows how small American exports of lead pigments have been in the past, except during the war when European manufacturers were completely out of the market:

TOTAL SHIPMENTS AND EXPORTS OF LEAD PIGMENTS

Year	Value of Total Shipments (a)	Value of Exports (a)	Exports Percent of Total Shipments
1923	$57,255,785	$1,209,089	2.1
1925	70,765,748	1,476,759	2.1
1927	56,603,806	1,218,602	2.2
1929	54,169,622	1,424,752	2.6
1931	28,582,401	947,157	3.3
1933	20,707,487	326,961	1.6
1935	27,944,643	512,266	1.8
1937	35,479,078	596,438	1.7
1939	35,345,223	715,438	2.0
1941	46,302,394	1,228,350	2.7
1943	41,751,645	1,426,602	3.4
1945	38,747,700	not yet available	not yet available

(a) Includes White Lead, Red Lead, Litharge and White Basic Lead Sulphate.

LITHARGE

The importance of this monoxide of lead is shown by the following table of sales:

SALES OF LITHARGE

YEAR	SHORT TONS	VALUE
1923	75,107	$14,059,979
1925	86,546	18,587,399
1927	81,655	13,064,046
1929	87,916	13,807,087
1931	63,890	6,933,241
1933	61,193	6,197,124
1935	79,930	8,286,339
1937	83,902	12,033,949
1939	89,518	11,050,843
1941	122,260	16,416,507
1943	113,091	17,146,672
1945	138,798	20,207,218

Litharge is used in the manufacture of storage batteries, paint and varnish, insecticides, color pigments, ceramics, rubber, in oil refining, and to make a variety of other lead compounds. It is a basic raw material for many large industries and has no substitute in its more important uses. There is already a large amount of excess capacity to manufacture lead oxides in this country estimated at three to four times normal consumption.

RED LEAD

This is another oxide of lead made from litharge. Its principal uses are in the manufacture of storage batteries and in paint for iron and steel. Its importance is shown by the following table:

SALES OF RED LEAD

YEAR	SHORT TONS	VALUE
1923	38,037	$7,611,508
1925	41,669	9,445,527
1927	39,073	6,980,042
1929	43,021	7,586,543
1931	25,853	3,325,875
1933	21,988	2,637,640
1935	28,776	3,492,141
1937	33,931	5,429,182
1939	39,976	5,615,838
1941	53,838	8,687,469
1943	53,378	9,136,015
1945	47,381	8,840,366

WHITE LEAD

This may be either the basic carbonate or basic sulphate of lead. Its main use is in high quality paint, but it also finds some application in ceramics, rubber, putty and miscellaneous uses. The basic carbonate white lead industry, by far the more important of the two, reached a peak in 1922 and has been declining since that time. White lead has been subjected to drastic curtailment by Government order during and since the war even up to the present time, a condition from which it will be most difficult for the industry to recover. The following table shows sales of white lead:

SALES OF WHITE LEAD

	BASIC CARBONATE WHITE LEAD		BASIC SULPHATE WHITE LEAD	
YEAR	Short Tons	Value	Short Tons	Value
1922(peak)	194,991	$35,513,395	13,765	$1,829,865
1923	162,873	33,625,230	12,749	1,959,068
1925	163,905	39,975,753	16,086	2,692,069
1927	157,695	34,537,385	14,543	2,027,333
1929	147,031	30,501,075	16,814	2,274,917
1931	97,368	17,727,600	9,686	995,685
1933	72,982	11,136,319	7,945	736,404
1935	96,831	15,439,159	8,279	727,004
1937	98,213	17,042,733	8,622	973,214
1939	98,429	18,092,926	5,538	585,616
1941	113,000	20,075,796	10,379	1,122,622
1943	76,167	14,768,366	5,527	700,592
1945	51,170	16,570,530	3,895	765,566

TETRAETHYL LEAD

In recent years, this has become one of the most important outlets for lead. Unknown prior to 1925, the following table shows the use of lead in its production in the last few years:

LEAD USED IN PRODUCTION OF TETRAETHYL LEAD

YEAR	SHORT TONS
1937	21,400
1939	30,000
1941	49,800
1943	60,300
1945	75,900

Addition of tetraethyl lead is the most economical way to make high test gasoline needed for airplanes and modern motor cars.

ORANGE MINERAL

This oxide of lead is made from white lead. It is a small tonnage product but finds important use in printers' inks.

LEAD ARSENATE

While the statements made in this brief apply in general to lead arsenate, we respectfully refer the Committee to a brief dealing specifically with lead arsenate presented by the Agricultural Insecticide and Fungicide Association. We concur in the views of that Association and urge that they be given full consideration by the Committee without repetition here.

Respectfully submitted,

Felix Edgar Wormser,
Secretary.

AFFIDAVIT

Personally appeared before me, a Notary Public in and for the County of New York, State of New York, this 20th day of December, 1946, Felix Edgar Wormser, personally known to me as the signer of the foregoing, who after having been duly sworn declares upon his oath that he has read the foregoing, that it was prepared by him or under his direction, and that the same is true to the best of his knowledge, information and belief.

Subscribed and sworn to before me, this 20th day of December, 1946.

Notary Public

LEAD PRODUCTS SUBJECT TO TARIFF ADJUSTMENT

AND APPLICABLE DUTIES

	Tariff Act of 1930	Rate After Change	Agreement in Which Change Was Made
PAR. 72: Lead Pigments:			
Litharge	2.5¢ per lb.	2.25¢ per lb.	United Kingdom Jan. 1, 1939
Orange Mineral	3¢ per lb.	2.5¢ per lb.	France June 15, 1936
Red Lead	2.75¢ per lb.	2.25¢ per lb.	United Kingdom Jan. 1, 1939
White Lead	2.5¢ per lb.	2.1¢ per lb.	Belgium May 1, 1935
All Pigments containing Lead, dry or in pulp, or ground in or mixed with oil or water, not specially provided for:			
In chief value of suboxide of lead	30% ad valorem	3¢ per lb. but not less than 15% nor more than 30% ad valorem	Switzerland Feb. 15, 1936
Other	30% ad valorem	20% ad valorem	United Kingdom Jan. 1, 1939
PAR. 46: Lead Arsenate	3¢ per lb.	-	-
Lead Compounds not specially provided for:	30% ad valorem	-	-