# STATEMENT

OF THE

# LEAD INDUSTRIES ASSOCIATION

TO THE

## COMMITTEE FOR RECIPROCITY INFORMATION

WASHINGTON, D. C.

ON

## Revision of Trade Agreement with Belgium

covering

| | |
|---|---|
| Par. 72: | Lead Pigments: White Lead. |
| Par. 77: | Zinc Oxide and leaded zinc oxides containing not more than 25 per centum of lead. |
| Par. 392: | Alloys or combinations of lead not specially provided for. |

Tariff Act of 1930.

LEAD INDUSTRIES ASSOCIATION

420 Lexington Avenue

New York, N. Y.



September 25, 1939

# STATEMENT OF LEAD INDUSTRIES ASSOCIATION

September 25, 1939.

*Chairman,*
COMMITTEE FOR RECIPROCITY INFORMATION,
Old Land Office Building,
Eighth and E Streets, N.W.,
Washington, D. C.

*Subject:* Revision of Trade Agreement with the Government of Belgium on behalf of the Belgo-Luxemburg Economic Union and the Belgian Congo.

*Products:* *Par. 72:* Lead Pigments: White Lead, 2-1/10c per lb. (2½c per lb. in Tariff Act of 1930).

*Par. 77:* Zinc Oxide and Leaded Zinc Oxides containing not more than 25 per centum of lead (in any form of dry powder, 1¾c per lb.

Ground in or mixed with oil or water, 2¼c per lb.).

*Par. 392:* Alloys or combinations of lead not specially provided for, 2⅛c per lb. on the lead contained therein.

DEAR SIR:

In connection with the new trade negotiations being conducted with the Government of Belgium, the Lead Industries Association, representing almost the entire lead mining, smelting and refining industry, and over 95 per cent of the white lead industry of the United States, respectfully requests that the reduction in the tariff rate established by the Act of 1930 on white lead of 2½c per lb., which was cut to 2-1/10c per lb., in the Belgian Trade Agreement of 1935, be restored.

It also asks that no change be made in the tariff on leaded zinc oxide as covered by Paragraph 77, or in the rate on alloys or combinations of lead not specially provided for, Paragraph 392.

*In support of our requests, we submit the following summary:*

## SUMMARY

(1) The domestic market for white lead is the most important outlet of the lead miner in the United States today. An invasion of the domestic market by foreign white lead would undermine the protection given the domestic lead industry on lead ores and concentrates and lead bullion.

(2) The white lead industry has been declining and is today only half the size it was in 1922. A tariff injury would make the situation worse.

(3) The lead mining industry has been operating at sub-normal rates through the depression, much to the distress of communities in the western mining states where lead is found. And, as the U. S. Bureau of Mines says, "Increased consumption of white lead paint would benefit the Lead Industry, more than increases in almost any other use."

(4) The moderate tariff on white lead established by the Act of 1930 was of long standing and merely provided a compensatory duty over the rate of pig lead. The reduction made in the Belgium Trade Agreement of 1935 left a compensating duty of only 0.4c per lb. over the pig lead rate, an inadequate margin to equalize the great disparity in the wage rates of Belgium and the United States which we estimate to be 10c per hour and 60c per hour respectively.

(5) The chaotic exchange situation, brought about by the present War has already given a great trade advantage to Great Britain which is, of course, extended the benefits of any trade treaty reductions given to Belgium and were it not for the absorption of Great Britain in its own war time activities, heavy shipments of white lead could be made to this country, completely undermining our market here.

(6) Belgium is mainly a zinc producer and only a small and unimportant foreign white lead producer. Our information is to the effect that it is not greatly interested in shipping white lead to the United States. Consequently, a reduction in the white lead rate will benefit other nations more than Belgium.

Supplementing our summary, we submit the following additional information:

### *Par. 72: LEAD PIGMENTS: WHITE LEAD*

White lead finds its widest outlet in paint manufacture and although other applications of pig lead, such as storage battery manufacture, or cable covering, may consume larger tonnages, the white lead industry is the most important outlet of the lead miner because lead is given permanent disposition and can not be reclaimed economically. The lead used in storage batteries and cable coverings, on the other hand, although larger in quantity, is ultimately recovered and reused. The lead miner is, therefore, seriously concerned with any action which, in the future, might affect white lead, his best market, and views with apprehension any proposed lowering in the tariff on white lead as a bargaining element in the trade treaty negotiations with Belgium or other countries.

The Tariff Act of 1930 and earlier tariff acts all recognized the necessity of protecting finished lead manufactures as well as the raw material itself. Without adequate protection for the entire lead schedule, the protection accorded the important lead mining industry in the United States on pig lead becomes useless.

Belgium is a white lead producer of minor importance with an output estimated at only about 2,000 tons per year, but with a much larger capacity. It is our understanding that the State Department makes a practice of negotiating only on those commodities which comprise the largest or most important element in the negotiating country's export trade so that the benefits conferred may not be absorbed by another country. If this principal holds, then the Belgium trade agreement is not one in which to consider a reduction in the white lead rate, for Great Britain stands to gain far more than Belgium from a white lead tariff cut.

In the last analysis, the size of the tariff required by the white lead industry is determined by the amount of protection it is desired to give American labor with its higher wage scales. Labor in Belgium is paid about 10c per hour, compared with 60c per hour in American white lead plants. The methods of production used are similar, and the United States has no particular advantage in that respect.

The white lead industry has declined seriously in the United States ever since 1922, much to the alarm of the lead mining industry, which has instituted expensive and intensive efforts to recapture some of its domestic markets lost to other competitive paint materials. If the results of efforts the lead industry is now undertaking to expand the domestic market accrue to a foreign country, the effect can not help but be disastrous to the domestic industry.

### Domestic White Lead Production*

(In Short Tons)

| | | | |
|---|---|---|---|
| 1922 | 194,991 | 1934 | 78,734 |
| | | 1935 | 96,831 |
| 1925-29 | | 1936 | 118,407 |
| Average | 154,483 | 1937 | 98,213 |
| 1933 | 72,982 | 1938 | 98,983 |

*U. S. Bureau of Mines.

Last, but not least, is the advantage which would be given Great Britain in particular, by any reduction in the lead pigment rates on the Belgium agreement over and above the substantial advantage in foreign trade that has flowed to Great Britain already because of the depreciation in the pound Sterling. Even should the war cease tomorrow, it is unlikely that the pound will return to parity in the near future. The trade advantage to Great Britain, Canada and other countries whose currencies have depreciated is a difficult one for our domestic competitive industries to surmount. It warrants a restoration of the tariff cut made in the Trade Agreement with Belgium in 1935.

## *Par. 77: ZINC OXIDE AND LEADED ZINC OXIDES CONTAINING NOT MORE THAN 25 PER CENTUM OF LEAD.*

Our interest in this paragraph is in leaded zinc oxide, a pigment widely used in prepared paints.

Belgium is not an important foreign producer of leaded zinc oxide. Although we have no detailed statistics, trade information is to the effect that Germany is the leading producer, followed by France and England.

The manufacture of leaded zinc oxides in the United States is of growing importance and the product is competitive with white lead. If the bars were let down sufficiently to permit importations of leaded zinc oxide into the United States, paint manufacturers would find it more advantageous to purchase cheap foreign leaded zinc oxide to incorporate in their paint formulations than to purchase white lead and leaded zinc oxide in the United States for the same purpose, causing injury to the white lead and leaded zinc oxide market.

Domestic Production of Leaded Zinc Oxide*

(In Short Tons)

| | |
|---|---|
| 1925-29 Average | 26,609 |
| 1933 | 22,868 |
| 1934 | 20,506 |
| 1935 | 29,976 |
| 1936 | 40,512 |
| 1937 | 40,343 |
| 1938 | 38,216 |

*U. S. Bureau of Mines.

## *Par. 392: ALLOYS OR COMBINATIONS OF LEAD NOT SPECIALLY PROVIDED FOR.*

We do not know what alloy or combination of lead Belgium might have in mind shipping to the United States under the provisions of this paragraph and it may very well be that it is some lead item of minor consequence which the industry could well afford to ignore. The great danger, however, in lowering the rates in this paragraph, as we see it, lies in the fact that it might permit the importation of some lead product not covered specifically in other paragraphs and which, if imported in volume into the United States, might take away opportunities for domestic employment. We, therefore, urge your Committee to give special thought to this paragraph even if it seems of minor importance. Should the Committee care to divulge the lead commodity which the Belgium negotiators have in mind, we shall be pleased to provide specific information.

## STATUS OF LEAD MINING INDUSTRY

This brief has referred to the mining industry as being seriously affected by changes made in the schedules of manufactured products, established by the Tariff

Act of 1930. Our brief of March 11, 1938, submitted to the Committee in connection with the trade agreement negotiations with Canada, set forth a review of the lead mining industry to which we now respectfully refer you. A copy marked Exhibit A is attached for your convenience. Conditions today are fundamentally the same.

To be sure, the last few weeks, since the outbreak of hostilities abroad, have given a better picture of the domestic lead situation but this is a temporary stimulus to trade and its duration problematical. If the trade treaty negotiations are to be conducted with peace in mind, as we conceive the case, the status of the lead mining industry which has been difficult for the past seven years, as outlined in our Canadian brief, would be made far more difficult if duties on white lead and other manufactured lead products are cut in the Belgium and other trade treaties.

Respectfully submitted,

*President.*

# AFFIDAVIT

Personally appeared before me, a Notary Public in and for the County of New York, State of New York, this 25th day of September, 1939, Clinton H. Crane, 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 25th day of September, 1939.

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*Notary Public*