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ROCKPILE DISPOSAL BILLS

GOVERNMENT

Storage

HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON ARMED SERVICES UNITED STATES SENATE EIGHTY-NINTH CONGRESS

SECOND SESSION

ON

- H.R. 13365, METALLURGICAL GRADE CHROMITE
- H.R. 13367, ACID GRADE FLUORSPAR
- H.R. 13368, BISMUTH
- H.R. 13371, PHLOGOPITE MICA
- H.R. 13373, MUSCOVITE MICA
- H.R. 13578, RHODIUM
- H.R. 13579, THORIUM
- H.R. 13580, AMOSITE ASBESTOS
- H.R. 13663, RUTHENIUM
- H.R. 13774, VANADIUM



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STOCKPILE DISPOSAL BILLS

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BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON ARMED SERVICES

RICHARD B. RUSSELL, Georgia, *Chairman*

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CONTENTS

Statements:	Page
H. R. 13365 ----- Joe E. Moody, Deputy Administrator, General Services Administration	2
H. R. 13367 ----- Joe E. Moody, Deputy Administrator, General Services Administration	3
H. R. 13368 ----- Joe E. Moody, Deputy Administrator, General Services Administration	4
H. R. 13371 ----- Joe E. Moody, Deputy Administrator, General Services Administration	5
H. R. 13373 ----- Joe E. Moody, Deputy Administrator, General Services Administration	6
H. R. 13374 ----- Mica Industry Association	7
H. R. 13375 ----- James Romeo, Assistant Commissioner, Defense Materials Service, GSA	7
H. R. 13376 ----- Joe E. Moody, Deputy Administrator, General Services Administration	9
H. R. 13377 ----- Mica Industry Association	6
H. R. 13378 ----- James Romeo, Assistant Commissioner, Defense Materials Service, GSA	7
H. R. 13578 ----- Joe E. Moody, Deputy Administrator, General Services Administration	9
H. R. 13579 ----- Joe E. Moody, Deputy Administrator, General Services Administration	10
H. R. 13580 ----- Joe E. Moody, Deputy Administrator, General Services Administration	10
H. R. 13663 ----- Joe E. Moody, Deputy Administrator, General Services Administration	11
H. R. 13774 ----- Joe E. Moody, Deputy Administrator, General Services Administration	11
H. R. 13775 ----- Joe E. Moody, Deputy Administrator, General Services Administration	12
H. R. 13776 ----- Joe E. Moody, Deputy Administrator, General Services Administration	12
H. R. 13777 ----- Joe E. Moody, Deputy Administrator, General Services Administration	12
H. R. 13778 ----- Joe E. Moody, Deputy Administrator, General Services Administration	13

NOVEMBER

1. The Administration of the Government of India, 1907-1911

2. The Administration of the Government of India, 1911-1915

3. The Administration of the Government of India, 1915-1919

4. The Administration of the Government of India, 1919-1923

5. The Administration of the Government of India, 1923-1927

6. The Administration of the Government of India, 1927-1931

7. The Administration of the Government of India, 1931-1935

8. The Administration of the Government of India, 1935-1939

9. The Administration of the Government of India, 1939-1943

10. The Administration of the Government of India, 1943-1947

11. The Administration of the Government of India, 1947-1951

12. The Administration of the Government of India, 1951-1955

13. The Administration of the Government of India, 1955-1959

14. The Administration of the Government of India, 1959-1963

15. The Administration of the Government of India, 1963-1967

16. The Administration of the Government of India, 1967-1971

17. The Administration of the Government of India, 1971-1975

18. The Administration of the Government of India, 1975-1979

19. The Administration of the Government of India, 1979-1983

20. The Administration of the Government of India, 1983-1987

21. The Administration of the Government of India, 1987-1991

22. The Administration of the Government of India, 1991-1995

23. The Administration of the Government of India, 1995-1999

24. The Administration of the Government of India, 1999-2003

25. The Administration of the Government of India, 2003-2007

26. The Administration of the Government of India, 2007-2011

27. The Administration of the Government of India, 2011-2015

28. The Administration of the Government of India, 2015-2019

29. The Administration of the Government of India, 2019-2023

30. The Administration of the Government of India, 2023-2027

STOCKPILE DISPOSAL BILLS

WEDNESDAY, MAY 4, 1966

U.S. SENATE,
SUBCOMMITTEE ON THE NATIONAL STOCKPILE
AND NAVAL PETROLEUM RESERVES OF THE
COMMITTEE ON ARMED SERVICES,
Washington, D.C.

The National Stockpile Subcommittee (composed of Senators Symington (chairman), Cannon, Young of Ohio, Inouye, Miller, and Tower), appointed to hold such meetings and briefings as are necessary to maintain familiarity with the operation of the program for the stockpiling of strategic and critical materials necessary for the common defense, met in open session, pursuant to notice, in room 212, Old Senate Office Building, at 10:30 a.m.

Present: Senator Symington.

Also present: Gordon A. Nease, professional staff member; Charles B. Kirbow, chief clerk; and Herbert S. Atkinson, assistant chief clerk.

Senator SYMINGTON. The meeting will come to order. Because the Preparedness Subcommittee is meeting this morning and because of the funeral of our late beloved colleague, Senator McNamara, subcommittee members may not be able to attend this meeting. However, we have the proxies of all the members of the subcommittee.

We have before us this morning for consideration 10 stockpile bills involving different commodities. All of them relate to the disposal of surplus strategic and critical materials from the national stockpile and the supplemental stockpile. All are administration proposals and have been passed by the House of Representatives, although two of them have been amended. These bills are as follows:

- H. R. 13365, metallurgical grade chromite.
- H. R. 13367, acid grade fluorspar.
- H. R. 13368, bismuth.
- H. R. 13371, phlogopite mica.
- H. R. 13373, muscovite mica.
- H. R. 13578, rhodium.
- H. R. 13579, thorium.
- H. R. 13580, amosite asbestos.
- H. R. 13663, ruthenium.
- H. R. 13774, vanadium.

Inasmuch as all these materials are in surplus, I do not believe that there would be any objection to the approval of the legislation which has been passed in the House, and which will be taken up in the full committee tomorrow. Industry is anxious to get some of these materials at the earliest possible time. I would like to recognize the urgent request with respect to vanadium made to me by Mr. William White, of the United States Steel Corp., and by others. Senator

Cannon stated that he would be glad to report these bills to the full committee tomorrow inasmuch as I will be out of the city on a longstanding engagement.

The subcommittee is unaware of any opposition to eight of these measures as they passed the House. However, the Mica Industry Association has registered objection to the two bills relating to mica. This objection will be called to the attention of the subcommittee in the proper order. There is before you a brief résumé of each bill, which I believe may be helpful to you in following these various bills. We are privileged to welcome to the committee Mr. Joe E. Moody, the Acting Administrator of the General Services Administration. Is Mr. Lawrence from the office of Emergency Planning with you? I understood he was coming. Mr. Moody is, in addition to being a very able public servant, one of my constituents, and I am always very glad to see him.

H.R. 13365

Senator SYMINGTON. The first bill is H.R. 13365. This bill would authorize the disposal of approximately 885,000 short dry tons of metallurgical grade chromite ore from the national stockpile.

(The bill referred to follows:)

[H.R. 13365, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of metallurgical grade chromite from the national stockpile and the supplemental stockpile

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately eight hundred eighty-five thousand short dry tons of metallurgical grade chromite ore now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) and the supplemental stockpile established pursuant to section 104 (b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided*, That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.*

Senator SYMINGTON. At present the total inventory of this metal is 6,244,712 short dry tons, with a stockpile objective of 2,970,000 short dry tons, for a total excess of 3,274,712. The administration's proposal would have permitted the disposal of 2,300,000 short dry tons of this metal, of which only 885,000 short dry tons are in ore form. The House amended the bill to permit disposal of only that in ore form, since it was believed unwise to authorize the disposal of ferro-chromite, which comprised the balance of the original proposal, as such a release would be completely disruptive to the market. No objection to this has been received from the interested Government agencies.

The average acquisition cost of chromite ores and concentrates was \$50.55 per ton and the current market value is about \$30 per ton.

You may proceed, Mr. Moody.

STATEMENT OF JOE E. MOODY, DEPUTY ADMINISTRATOR, GENERAL SERVICES ADMINISTRATION; ACCOMPANIED BY JAMES ROMEO AND GEORGE CASTO, ASSISTANT COMMISSIONERS, DEFENSE MATERIALS SERVICE

Mr. MOODY. Mr. Chairman, my name is Joe E. Moody, I am the Deputy Administrator of GSA, and I appear here today on behalf of our Administrator, Mr. Lawson B. Knott, Jr., who would have testified at today's hearings personally had it not been for the fact that he is hospitalized and unable to do so. I want to thank you for the opportunity to appear before your subcommittee for the purpose of expressing the views of GSA on 10 bills dealing with the disposal of excess materials from the stockpile. I am accompanied by Mr. James Romeo and Mr. George Casto, who are also substituting for Mr. John Harlan, the Commissioner of our Defense Materials Service. Mr. Harlan is the GSA official primarily responsible for, and most knowledgeable about, our stockpile program but is unable to accompany me this morning because he had a prior commitment to testify before Subcommittee No. 1 of the House Armed Services Committee on seven bills which would authorize disposal of seven additional excess stockpile materials. Mr. Romeo and Mr. Casto are Assistant Commissioners of Defense Materials Service and have been closely associated with the stockpile program for many years, and I am sure they will be able to supply any detailed or technical information, concerning the materials covered by the pending bills, which I may be unable to supply.

Turning specifically to the bills, Mr. Chairman, GSA favors enactment of all the proposals as they appear before you. We have developed orderly disposal programs for each of the excess materials. We have carefully examined all pertinent factors and have consulted with the several Government agencies concerned. In turn, those agencies have consulted with affected governments and industry to the extent they considered necessary. In addition, GSA has held meetings with industry where necessary, and has worked out the specific sales techniques to be employed with respect to each one of these materials.

H.R. 13365, as amended, would authorize disposal of 885,000 short dry tons of metallurgical grade chromite ore. The bill as introduced covered 2.3 million short dry tons, consisting of 885,000 tons of chromite ore and 1,415,000 tons of ferro-chromium.

Metallurgical grade chromite ore is an important raw material to our steel industry. The ore is converted to ferro-chromium and chromium metal used to produce alloy steels.

During hearings before Subcommittee No. 1 of the House Armed Services Committee, industry representatives, while not objecting to disposal of chromite ore, testified that there was no need in the present market for ferro-chromium. In recognition of this situation our disposal plan did not contemplate sale of ferro-chromium at the present time. We planned to confine initial disposals to ore but we believed that authority to sell the full 2.3 million tons would have enabled us to formulate a plan to sell ferro-chromium at such future date as market conditions permitted. However, enactment of H.R. 13365 as passed by the House will enable initiation of an orderly chromite-disposal program.

(In executive session, May 5, 1966, the full committee voted to report H.R. 13365 without amendment, as covered by S. Rept. 1143.)

H.R. 13367

Senator SYMINGTON. This measure as it passed the House would authorize the disposal of approximately 32,000 short dry tons of acid grade fluorspar in lump form.

(The bill referred to follows:)

[H.R. 13367, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of acid grade fluorspar from the national stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately thirty-two thousand short dry tons of acid grade fluorspar in lump form now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided,* That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Senator SYMINGTON. The original proposal as submitted to the Congress would have permitted the disposal of 236,773 short dry tons of acid grade fluorspar. In amending the bill, the House report states:

During the hearings, the subcommittee became convinced that the domestic fluorspar industry was suffering a severe economic strain. Mere authorization for disposal would tend to further depress the domestic industry. There was industry consensus, however, that the release of acid grade fluorspar in lump form would satisfy the current shortage of this type of fluorspar in the domestic market and would not upset the domestic fluorspar industry.

The subcommittee has received no objections to the House-passed bill.

The total inventory of acid grade fluorspar held by GSA now stands at 1,144,090 short dry tons. The present stockpile objective is 540,000 short dry tons and, in addition, 350,000 short dry tons have been credited to the metallurgical grade fluorspar objective. The excess of 254,000 short dry tons consists of 17,317 short dry tons in the DPA inventory and 236,773 short dry tons covered by the original proposal. Most of the material in the stockpile is a concentrate which has been finely ground. The average acquisition cost of the stockpile inventories of acid grade fluorspar was \$46.69 a short dry ton. The current market price is about \$45 a short dry ton.

Mr. MOODY. H.R. 13367 would authorize disposal of approximately 32,000 short dry tons of acid grade fluorspar in lumpy form.

Acid grade fluorspar is primarily used to make hydrofluoric acid, which, in turn, is used principally in the production of aviation gasoline and synthetic cryolite, which I understand is used in the production of aluminum.

The situation with respect to this bill, Mr. Chairman, is similar to chromite. GSA originally proposed disposal of 236,773 short dry tons of acid grade fluorspar.

During hearings the House subcommittee heard the domestic mining industry oppose the original bill on the grounds that the industry has considerable idle capacity; that it is only now beginning to regain some of the losses in revenues it had experienced in recent years; that competition from imported material was becoming more and more severe;

and that disposals from the stockpile might have serious consequences upon an industry which is by and large situated in Appalachia.

GSA proposed to carry out its fluorspar disposal program with careful regard for possible adverse impact on the industry. We planned to confine initial disposals to the lumpy form of excess acid grade fluorspar which would not be competitive with normal markets. Use of this type of fluorspar is confined to metallurgical users—the steel industry—which actually is in need of this material. The bill as passed by the House would limit our authority to the sale of approximately 32,000 tons, representing our total holdings of lumpy type excess fluorspar. Here, again, from a practical standpoint, enactment of H.R. 13367 will enable us to begin current disposal of the lumpy acid grade fluorspar for which there is an unfilled demand.

(In executive session on May 5, 1966, the full committee voted to report H.R. 13367, without amendment, as covered by S. Rept. 1144.)

H.R. 13368

Senator SYMINGTON. The next bill is H.R. 13368.

(The bill referred to follows:)

[H.R. 13368, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of bismuth from the national stockpile and the supplemental stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately two hundred and twelve thousand three hundred pounds of bismuth now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98–98h) and the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided*, That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Senator SYMINGTON. The total inventory of bismuth held by GSA in the national supplemental stockpile now stands at 3,812,315 pounds. The present stockpile objective is 3,600,000 pounds. The excess of approximately 212,300 pounds is covered by H.R. 13368.

The average acquisition cost of the stockpile inventories of bismuth was \$2.134 per pound. The current market price is approximately \$4 per pound.

Mr. MOODY. H.R. 13368 covers approximately 212,300 pounds of bismuth. Bismuth is a metal used primarily for low melting alloys in a number of safety devices such as automatic sprinkler systems and fire door releases. Another major use is as an ingredient in the manufacture of medicinal compounds.

The excess of 212,300 pounds is a relatively small quantity. The Atomic Energy Commission needs all of this material and we plan to limit its release to the AEC.

(In executive session on May 5, 1966, the full committee voted to report H.R. 13368 without amendment, as covered by S. Rept. No. 1145.)

H.R. 13371—H.R. 13373

Senator SYMINGTON. It is believed desirable to handle these two related bills simultaneously. H.R. 13371 would permit the disposal

of 3,765,000 pounds of phlogopite mica splittings and approximately 205,640 pounds of phlogopite block mica from the national stockpile and the supplemental stockpile. H.R. 13373 would permit the disposal of 6,772,000 pounds of muscovite block mica, approximately 628,000 pounds of muscovite film mica, and approximately 22,666,000 pounds of muscovite mica splittings. All the materials described in these two measures are in excess of the stockpile objectives.

(The bills referred to follow:)

[H.R. 13371, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of phlogopite mica from the national stockpile and the supplemental stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately three million seven hundred and sixty-five thousand pounds of phlogopite mica splittings and approximately two hundred and five thousand six hundred and forty pounds of phlogopite block mica now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) and the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided*, That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

[H.R. 13373, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of muscovite mica from the national stockpile and the supplemental stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately six million seven hundred and seventy-two thousand pounds of muscovite block mica, approximately five hundred and twenty-eight thousand pounds of muscovite film mica, and approximately twenty-two million six hundred and sixty-six thousand pounds of muscovite mica splittings now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) and the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided*, That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Senator SYMINGTON. The total inventory of phlogopite mica—block and splittings—held by GSA is 5,288,239 pounds. The present stockpile objective is 1,317,000 pounds. The excess of approximately 3,970,000 pounds is covered by H.R. 13371.

The average acquisition cost of the phlogopite mica planned for disposal was \$1.36 per pound for the block and \$1.06 per pound for the splittings. The approximate current prices for the block range from \$0.50 per pound to \$1.90 per pound, duty paid. There are no published prices for splittings.

The total inventory of muscovite mica—block, film, and splittings—held by GSA is 66,581,281 pounds. The present stockpile objective is 30,200,000 pounds. The excess of 36,381,281 pounds consists of 29,966,000 covered by H.R. 13373 and the remaining excess is from the Defense Production Act inventory.

The approximate acquisition price per pound of muscovite block mica in the national and supplemental stockpiles was \$2.60; for film, \$5.60; for splittings, \$1.04. The present market value per pound, depending on quality and grade, range from \$2 to \$9 per block, \$1 to \$12 for film, and is \$1.20 for splittings.

Mr. MOODY. H.R. 13371 would authorize disposal of approximately 3,971,000 pounds of phlogopite mica.

Phlogopite mica is used primarily as insulating material in soldering irons and high temperature coils, transformers, and heater elements.

The excess quantity is rather large in terms of current consumption. Under present market conditions, disposal will require many years. Enactment of this bill will permit us to get underway at an early date in liquidating this asset which is excess to stockpile objectives.

H.R. 13373 covers approximately 6,772,000 pounds of muscovite block mica, approximately 528,000 pounds of muscovite mica film, and approximately 22,666,000 pounds of muscovite mica splittings.

Muscovite mica covered by this bill is used primarily for electrical insulation purposes. It is used in items such as electronic tubes, as insulation in motors, and other electrical apparatus.

Disposal of this large quantity of excess muscovite mica would extend over a long term. We believe we should begin to liquidate the Government's investment in this unneeded material in an orderly manner as soon as possible.

Senator SYMINGTON. Subsequent to the passage of these bills by the House, this subcommittee received a statement from the Mica Industry Association opposing the passage of both bills, which will be made a part of the record at this point.

STATEMENT OF MICA INDUSTRY ASSOCIATION REGARDING PROPOSED MICA STOCKPILE DISPOSAL

The Mica Industry Association, which handles the bulk of the mica imported annually on a basis of either tonnage or dollars, wishes to make known its vigorous opposition to the release of any mica from existing stockpile inventories currently declared to be surplus. This position is dictated by three considerations:

- (1) Concern with the strategic needs of industry (particularly electronic and electrical) in face of developing demands from the Defense Establishment.

- (2) Awareness of the economic impact of such disposal on two producing nations (India and Brazil) whose continued economic well-being is currently of essential importance to our Government.

- (3) The threat to the economic existence of the small but highly essential group of importers who are mica specialists, representing unique skills to which the Government itself turned at the time of the Korean conflict in order to acquire the original mica stockpile. Disposal at this time threatens to destroy them.

These principal reasons can be elaborated on; however, we believe that a concise statement of basic reasons will make the logic of the associations' position apparent and will sustain its belief that S. 3025 should not be approved without further comprehensive review. We would respectfully point out that the potential dollar reclamation at this time cannot possibly justify the implications to national defense and to international relations, nor the threat to the mica importers' existence.

The administration's bill now proposed, as interpreted by Government officials, implies a disposal plan for mica which would extend over a period of 20 years. Based on amounts of mica mentioned in the legislation an approximate value of \$2,800,000 of mica per year will be released—a catastrophic 46 percent by value of the current average year's imports of mica.

However, a very important aspect of any disposal plan for mica lies in the intricate makeup of our stockpile of mica qualitatively, as related to the actual present usage by industry. Most of the stockpile has been acquired in higher grades and qualities than those actually needed by civilian industry. It would therefore, seem to those who know and understand the flow of mica supplies that, if and when a release should occur, the possible purchases would be concentrated on qualities and grades in the stockpile which are suited more nearly to industry's usual specifications. In such an event the leverage of these limited sales would exert a disproportionate, adverse effect on the existing sources of supply. This effect might be so serious as to jeopardize continued mining of mica.

To cite just one illustration: if, as we were informed by Government sources, the intended annual rate of release of block mica would be geared to 25 percent of the total yearly intended release of 1,500,000 pounds, that would amount to 375,000 pounds which is approximately 15 percent of the statistical consumption of block mica in the United States during 1964. If however, these 375,000 pounds will consist mostly of grades 6, 5½, and 5 in A/B and heavy stained qualities, it may well amount to anywhere from 50 to 70 percent of the current consumption of these types.

Should this be permitted to occur it would knock out of the market almost immediately the Brazilian mica-producing industry, and deprive us of sorely needed production facilities to feed our continuing requirements for the electronic and related defense industries. Many of the producers of raw mica in Brazil and India have been engaged for several years in a struggle for survival in what appears to be a steadily dwindling market. In both countries, the mica producers only now have begun to recover from the economic shock caused by a sudden stoppage of U.S. stockpiling to which these producers had been geared at the urgent insistence of the U.S. Government. In India alone, several hundred thousand people at the lowest level of economic status, with incomes of less than \$100 per year, depend on mica for their livelihood. In Brazil a similar situation exists, although the number of people involved is somewhat less.

We fail to understand a policy which would cause a release of excess stockpile mica to bring in \$2 or \$3 million a year and yet bring with it destruction of an industry in two friendly countries where we pour billions of dollars in economic aid at the present time.

Even if this be less than sufficient reason to eliminate mica from the list of materials which our Government intends to release from its stockpiles, we would urge that the Congress be extremely cautious in taking a step which will have highly deleterious effects on our own electronic and related national defense industries. The proposed plan will disrupt so completely a delicately balanced and long-nurtured network of supplies as to risk paralysis at the worst possible moment. It also should be borne in mind that, in large measure, the mica in the stockpile is not geared to the requirements and specifications of current industry usage. This makes us even more dependent on traditional sources of supply and their vast labor resources which prepare mica to the ever varying industrial specifications, at wage rates that cannot be matched even if the hand skills could.

Lastly, there is a group of mica importers which, for the past three decades, has specialized in coordinating the complex network of world mica supplies for the benefit of U.S. Government requirements, as well as for those of industry. All of these importers are small business firms which depend on a normal flow of mica trading for their subsistence. While this assuredly is not a major factor we feel that some consideration should be given to the highly adverse effects that stockpile release will have on this small group of professional specialists who at best participate in a \$6 to \$8 million total market for mica.

Summarized concisely, the proposal for mica stockpile disposal, in terms of a projected 20-year marketing plan, shows that—

Muscovite block offering will be 40 percent of total annual usage based on 1964 figures;

Muscovite splittings offered will equal 30 percent of total annual usage on the same base; and

Muscovite film offerings will exceed the total 1964 usage. (See table I, p. 9.)

When it is realized that the total mica market has an annual value of between \$6 and \$7 million and that it now is shared by 15 to 20 importers, it readily can be seen that they are in no position to compete with "auctioned" material, dumped on the open market. In effect, the Government is taking an action which will insure at least one-half of these small specialists being forced out of business.

The Mica Industry Association can see no alternative position than definite opposition to mica stockpile disposal as undesirable, disruptive, and not in the national interest, under existing international and domestic conditions.

TABLE I.—*Mica stockpile inventories, November 1965*

[In thousands]

	Cost	Pounds	U.S. yearly consumption (in pounds)		
			1962	1963	1964
Muscovite block:					
National stockpile	\$27, 112	11, 401			
Defense Production Act	40, 689	6, 416			
Supplemental stockpile	6, 728	1, 960			
Total	74, 529	19, 777	2, 700	2, 194	2, 528
Muscovite film:					
National stockpile	9, 058	1, 719			
Defense Production Act	633	102			
Supplemental stockpile	1, 063	116			
Total	10, 754	1, 937	84	68	78
Muscovite splittings:					
National stockpile	40, 598	40, 040			
Defense Production Act					
Supplemental stockpile	6, 226	4, 826			
Total	46, 824	44, 866	6, 382	6, 406	7, 261

Source: Senate Committee Print 72.

Senator SYMINGTON. Is there anyone present this morning from the mica industry who would like to be heard? Mr. Moody, do you feel that not passing these two bills, where we have had industry objection, would be detrimental to the national security and the economy?

Mr. MOODY. I would ask Mr. Romeo to comment on the meetings we have had with industry about these mica bills (H.R. 13371 and H.R. 13373).

Mr. ROMEO. Mr. Chairman, we had a meeting on January 28 with the mica industry. We outlined all of the excesses. There are some 158 different grades of mica. We told them of the existence of this excess, bordering in the neighborhood of 35 to 40 million pounds; that we understood it was an abnormally large quantity; and that we would proceed very cautiously, because we knew that markets had shrunk quite a bit in recent years. We proposed to start this program with an offering of something on the order of 200,000 pounds, which is about 5 or 6 percent of current consumption. We advised the mica industry that we would try, in concert with them, to package the material in the most attractive and noncompetitive grades.

We are told by the consumers that there are some grades that are usable and are needed right now in the industry, and we are trying to work out a program where we would emphasize the sale of those grades.

Senator SYMINGTON. So it would be your recommendation that we pass these two bills today and let you work it out with industry, is that correct?

Mr. ROMEO. Yes, sir.

Mr. MOODY. And we give you our assurances we will work it out with them.

Senator SYMINGTON. Fine. We will proceed to the next bill.

(In executive session on May 5, 1966, the full committee voted to report H.R. 13371 without amendment, as covered by S. Rept. No. 1146, and H.R. 13373, without amendment, as covered by S. Rept. No. 1147.)

H.R. 13578

Senator SYMINGTON. This measure would dispose of the entire stockpile of 618 troy ounces of rhodium, since there is no stockpile objective.

(The bill referred to follows:)

[H.R. 13578, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of rhodium from the national stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately six hundred and eighteen troy ounces of rhodium (Rh content) now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided,* That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Senator SYMINGTON. Rhodium is a metal of the platinum group. This quantity includes 173 ounces of rhodium in sponge form and about 445 ounces of rhodium alloyed with platinum.

The approximate acquisition cost of the rhodium is about \$126.54 per troy ounce. The current market price for rhodium in sponge form is reported at \$197-\$200 per troy ounce. The platinum rhodium alloy is in wire form and has no quoted market price.

Mr. MOODY. H.R. 13578 covers approximately 618 troy ounces of rhodium. Rhodium is one of the metals included in the platinum group. It is preferred over platinum in certain specialized uses. The quantity is relatively small and we can work it into the market without undue disruption.

(In executive session on May 5, 1966, the full committee voted to report H.R. 13578, without amendment, as covered by S. Rept. 1148.)

H.R. 13579

Senator SYMINGTON. This bill will permit the disposal of 3,500,000 pounds (thorium oxide content) thorium nitrate now held in the supplemental stockpile.

(The bill referred to follows:)

[H.R. 13579, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of thorium from the supplemental stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately three million five hundred thousand pounds (thorium oxide content) of thorium nitrate now held in the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C.

98b): *Provided*, That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Senator SYMINGTON. The total inventory of thorium nitrate (oxide content) held by GSA is 3,965,461 pounds. The present stockpile objective is 500,000 pounds. The excess of approximately 3.5 million pounds is covered by H.R. 13579.

The average acquisition cost of the thorium inventory was \$2.08 per pound of thorium nitrate. The current market price is about \$1.86 per pound of thorium nitrate.

Mr. MOODY. H.R. 13579 would authorize disposal of approximately 3,500,000 pounds of thorium nitrate (thorium oxide content).

Thorium has limited commercial application in gas mantles, luminous paints, and flashlight powders.

Major U.S. consumption, however, is in certain nuclear energy applications. AEC is the major user of thorium at the present time.

During an industry meeting on March 24, the domestic mining industry strongly advised against disposal at this time, indicating that the material is in substantial oversupply commercially. Although it is true that commercial markets for thorium are presently very thin, the AEC is a substantial user of thorium, and we believe that we should be authorized to fulfill these needs to the extent possible from the stockpile excesses.

(In executive session on May 5, 1966, the full committee voted to report H.R. 13579, without amendment, as covered by S. Rept. 1149.)

H.R. 13580

Senator SYMINGTON. This measure provides for the disposal of excess amosite asbestos from the national stockpile and the supplemental stockpile.

(The bill referred to follows:)

[H.R. 13580, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of amosite asbestos from the national stockpile and the supplemental stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately fifteen thousand one hundred and seventy short tons of amosite asbestos now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h) and the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided*, That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Senator SYMINGTON. The total inventory of amosite asbestos held by GSA now stands at 55,170 short tons. The present stockpile objective is 40,000 short tons. The excess of 15,170 short tons is covered by H.R. 13580. The average acquisition cost of the amosite asbestos was \$245 per short ton. The current market price is about \$241 per short ton.

Mr. MOODY. H.R. 13580 covers approximately 15,170 short tons of amosite asbestos. Amosite asbestos consists mainly of long resilient fibers and is used in manufacturing woven insulated felts and heating insulation, such as pipe covering. We have worked out an orderly program for the disposal of the excess.

(In executive session on May 5, 1966, the full committee voted to report H.R. 13580, without amendment, as covered by S. Rept. 1150.)

H.R. 13663

Senator SYMINGTON. This bill relates to the disposal of the entire supply held in the supplemental stockpile of approximately 15,000 troy ounces of ruthenium, one of the platinum group of metals. The stockpile objective for this metal was removed from the list on May 13, 1957.

(The bill referred to follows:)

[H.R. 13663, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of ruthenium from the supplemental stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately fifteen thousand troy ounces of ruthenium now held in the supplemental stockpile established pursuant to section 104(b) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b)). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b): *Provided,* That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Senator SYMINGTON. U.S. production of ruthenium is limited. The primary sources of the material are the Republic of South Africa, Canada, and Russia.

The approximate acquisition cost of the ruthenium in the inventory was about \$37.30 per troy ounce. The present market value is \$55 to \$60 per troy ounce.

Mr. MOODY. H.R. 13663 approximately 15,000 troy ounces of ruthenium. This is another metal in the platinum group. It is used primarily as an alloying agent, and is added to platinum and palladium to produce a hard corrosion-resistant metal. We anticipate a disposal program for this material extending over a number of years and are confident that it can be carried out in an orderly manner which properly protects the interests of the Government and industry.

(In executive session on May 5, 1966, the full committee voted to report H.R. 13663, without amendment, as covered by S. Rept. 1151.)

H.R. 13774

Senator SYMINGTON. This proposal will authorize the disposal of approximately 6,450 short tons of vanadium (V content) from the national stockpile.

(The bill referred to follows:)

[H.R. 13774, 89th Cong., 2d sess.]

AN ACT To authorize the disposal of vanadium from the national stockpile

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Administrator of General Services is hereby authorized to dispose of, by negotiation or otherwise, approximately six thousand four hundred and fifty short tons of vanadium (V content) now held in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98-98h). Such disposition may be made without regard to the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act: *Provided,* That the time and method of disposition shall be fixed with due regard to the protection of the United States against avoidable loss and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

Senator SYMINGTON. The total inventory of vanadium (V content) held by GSA is 7,865 short tons. The present stockpile objective is 1,400 short tons. The excess of approximately 6,450 short tons is covered by H.R. 13774.

The vanadium for disposal is stockpile quality material in the form of vanadium pentoxide. The approximate acquisition cost of the vanadium pentoxide inventory was \$1.18 per pound. The average price received for similar vanadium pentoxide sold by GSA in February of this year was approximately \$1.22 per pound.

Mr. MOODY. H.R. 13774, approximately 6,450 short tons of contained vanadium. Vanadium is used primarily as an alloying agent in the manufacture of steel. The stockpile material is in pentoxide form. The principal use for this material is in the production of ferrovanadium, which in turn is used primarily in the manufacture of high-strength structural steels and tool steels.

Mr. Chairman, this material is in very short supply. We have many letters from the steel industry stating that the shortage is becoming critical.

We plan to release the material at a rate designed to minimize adverse impact upon the producing industry, while at the same time assuring distribution to domestic consumers urgently needing the material.

We strongly urge early enactment of all of the pending bills.

(In executive session on May 5, 1966, the full committee voted to report H.R. 13774, without amendment, as covered by S. Rept. 1152.)

Senator SYMINGTON. Is there anybody here who opposes in any shape or form the passage of the bills for metallurgical grade chromite, fluorspar, bismuth, phlogopite mica, muscovite mica, rhodium, thorium, amosite asbestos, ruthenium, or vanadium?

I will vote the proxies of all the members of the subcommittee, and also vote myself in favor of reporting these bills favorably to the full committee.

Thank you, gentlemen. Based on your testimony I will cast the proxies of my colleagues for the mica bills, H.R. 13371 and H.R. 13373, also, and vote for them myself.

Thank you, gentlemen. If there is no further business we will consider the hearing adjourned subject to the call of the Chair.



