UNITED STATES INTERNATIONAL TRADE COMMISSION

PRIMARY LEAD METAL FROM AUSTRALIA AND CANADA

Determination of No Likelihood of Injury
in Investigation No. AA1921-134A and 135A
Under the Antidumping Act, 1921, as Amended
Together with the Information Obtained
in the Investigation

USITC Publication 772
Washington, D. C.
April 1976

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Will E. Leonard, Chairman
Daniel Minchew, Vice Chairman
George M. Moore
Catherine Bedell
Joseph O. Parker
Italo H. Ablondi

Kenneth R. Mason, Secretary to the Commission

Address all communications to
United States International Trade Commission
Washington, D. C. 20436

C O N T E N T S

	Page
Determination of no likelihood of injury	1
Statement of reasons of Chairman Will E. Leonard, Vice Chairman Daniel Minchew, and Commissioner Italo H. Ablondi	3
Concurring views of Commissioners George M. Moore and Joseph O. Parker	12
Concurring views of Commissioner Catherine Bedell	13
Information obtained in the investigation:	
Introduction	A-1
Description and uses	A-3
Customs treatment	A-5
Nature and extent of sales at less than fair value	A-6
Consideration of likelihood of injury:	
Domestic lead industry	A-8
U.S. primary lead producers	A-8
Domestic production of lead-bearing ores and concentrates	A-10
Installed U.S. primary-lead-refining capacity	A-12
U.S. primary lead production	A-13
Utilization of U.S. primary-lead-refining capacity	A-14
U.S. secondary lead industry	A-15
U.S. lead industry inventories	A-17
Government stockpile disposal program	A-19
U.S. employment:	
Mining and milling	A-20
Smelting and refining	A-22
U.S. exports	A-24
U.S. imports	A-25
U.S. consumption:	
General	A-26
Deceleration of growth in consumption	A-28
Market penetration ratios:	
Primary lead metal	A-30
Primary lead metal and secondary lead metal	A-32
Marketing arrangements	A-33
Lead prices:	
Sources of lead price information	A-35
Prices of domestic and imported lead	A-36
The relationship of prices, production, Government sales, and imports	A-42
Prices and profits	A-43
Price increases in 1976	A-45
Lead industries of Canada and Australia:	
Lead industry of Canada	A-46
Lead industry of Australia	A-49
Change in duty status of the United Kingdom imports	A-52

C O N T E N T S

		Page
	Profit-and-loss experience of domestic producers--------	A-53
	Mines and mills----------	A-53
	Smelter and refining operations----------	A-54
	Secondary lead manufacturers----------	A-55
Appendix A.	Treasury memoranda relating to determination of likelihood of LTFV sales from Australia and Canada----------	***
Appendix B.	Statistical tables----------	A-62
Appendix C.	Treasury letters----------	A-68

C O N T E N T S

Tables

Page

1. Profit-and-loss experience of 5 U.S. producers of lead-bearing ores and concentrates on total mine and mill operations and on their lead operations only, 1973-75---- A-63

2. Lead-bearing ores and concentrates: Profit-and-loss experience of 5 domestic producers on their total mining and milling operations, 1973-75---------- A-64

3. Lead-bearing ores and concentrates: Profit-and-loss experience of 5 domestic producers on their lead mining and milling operations, 1973-75---------- A-65

4. Primary lead metal: Profit-and-loss experience of 3 domestic producers on their total smelter and refinery operations, 1973-75---------- A-66

5. Primary lead metal: Profit-and-loss experience of 3 domestic producers on their lead smelter or refinery operations, 1973-75---------- A-67

Note.--The whole of the Commission's staff report may not be made public since it contains certain information that would result in the disclosure of the operations of individual concerns. This published report is the same as the staff report, except that the above-mentioned information has been omitted. Such omissions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

[AA1921-134A and 135A]

PRIMARY LEAD METAL FROM AUSTRALIA AND CANADA

Determination of No Likelihood of Injury

On January 5, 1976, the United States International Trade Commission received a letter from the Department of the Treasury with respect to primary lead metal from Australia and Canada which was published in the Federal Register of January 8, 1976 (41 F.R. 1502). The Commission on January 22, 1976, instituted investigation No. AA1921-134A and 135A to determine whether, if the findings of dumping on such primary lead metal from Australia and Canada 1/ were revoked, an industry in the United States would likely be injured by reason of the importation into the United States of such primary lead metal at less than fair value as specified in the aforementioned letter from the Department of the Treasury.

Notice of the institution of the investigation and of the public hearing was published in the Federal Register (41 F.R. 4076). The hearing was held on February 24-26, 1976.

In arriving at its determination the Commission gave due consideration to written submissions from interested parties, evidence adduced at the hearing, and all factual information obtained by the Commission from questionnaires, personal interviews, and other sources.

1/ On January 10, 1974, the Commission determined by a 2 to 2 vote in investigations Nos. AA1921-134 and 135 that an industry in the United States is likely to be injured by reason of the importation of primary lead metal from Australia and Canada that is being sold at less than fair value within the meaning of the Antidumping Act, 1921, as amended. The findings of dumping were published in the Federal Register on April 17, 1974 (39 F.R. 13783).

The United States International Trade Commission has unanimously determined that, if the findings of dumping on primary lead metal were revoked, an industry in the United States would not likely be injured by reason of the importation of primary lead metal from Australia and Canada into the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended, as specified in the aforementioned letter received January 5, 1976, from the Department of the Treasury.

Statement of Reasons of
Chairman Will E. Leonard, Vice Chairman Daniel Minchew, 1/
and Commissioner Italo H. Ablondi

On January 10, 1974, the U.S. Tariff Commission (now the U.S. International Trade Commission) determined (with us dissenting) under section 201(a) of the Antidumping Act, 1921, as amended, that an industry in the United States was being, or was likely to be, injured by reason of the importation of primary lead metal from Australia and Canada that the Department of the Treasury (Treasury) had determined was being, or was likely to be, sold at less than fair value (LTFV) within the meaning of the Antidumping Act. 2/ Treasury issued two findings of dumping (Treasury Decisions 74-127 and 74-128) based in part upon that Commission determination.

On January 5, 1976, Treasury forwarded to the Commission "for such review as it deems appropriate" a petition addressed to Treasury requesting revocation of the above outstanding dumping findings on imports of primary lead metal from Australia and Canada (T.D. 74-127 and T.D. 74-128). The petition requesting revocation in effect asked

---

1/ Vice Chairman Minchew states that any references to the previous determination of the Commission on primary lead are, of course, inapplicable to his decision in this case since he did not participate in that determination. However, from having read the opinions in the earlier case, he has no difficulty in joining with Chairman Leonard and Commissioner Ablondi in the present case.

2/ The Commission determination is found in Primary Lead Metal From Australia and Canada: Determination of Injury or Likelihood Thereof in Investigation Nos. AA1921-134 and 135 . . ., TC Publication 639, January 1974.

the Commission to review its determination of January 10, 1974, and to revoke that determination. The letter from Treasury transmitting the petition included updated foreign market and export price information, as well as a judgment as to what that information revealed concerning whether there would have been a likelihood of sales at less than fair value in the absence of the outstanding dumping findings.

On January 22, 1976, the Commission instituted investigation No. AA1921-134A/135A to determine whether, if the findings of dumping on such primary lead metal were revoked, an industry in the United States would likely be injured by reason of the importation of such primary lead metal at less than fair value as specified in the letter from Treasury of January 5, 1976.

Determination

In the instant investigation (investigation No. AA1921-134A/135A) we determine that, if the findings of dumping on primary lead metal from Australia and Canada were revoked, an industry in the United States would not likely be injured by reason of the importation into the United States of such primary lead metal at less than fair value as specified in the aforementioned January 5, 1976, letter from Treasury.

Nature of this investigation

This investigation is not being conducted by the Commission under section 201(a) of the Antidumping Act, which provides:

> . . . the Commission shall determine within three months [after the Secretary of the Treasury determines that a class or kind of foreign merchandise is being, or is likely to be, sold in the United States or elsewhere at less than its fair value] whether an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation of such merchandise into the United States.

Rather, this investigation is a review of the previously-referred-to Commission determination of January 10, 1974, under section 201(a) involving primary lead metal from Australia and Canada. The scope of this review is controlled by the notice issued by the Commission of the institution of this investigation.

The Commission's authority to review its outstanding determinations under the Antidumping Act is an inherent authority. As one commentator has noted, "every tribunal, judicial or administrative, has some power to correct its own errors or otherwise appropriately modify its judgment, decree, or order." 2 Davis, Administrative Law Treatise, §18.09, at 606 (1958). The United States Supreme Court stated, "administrative authorities must be permitted, consistently with the obligations of due process, to adjust their rules and policies to the demands of changing circumstances." Permian Basin Area Rate Cases, 390 U.S. 747, 784 (1968). The Court of Appeals for the District of Columbia has stated, "[t]he power to reconsider is inherent in the power to decide." Albertson v. Federal Communications Commission, 182 F.2d 397 (D.C. Cir. 1950). Absent contrary legislative intent

or other affirmative evidence, an agency may reconsider and modify its determination due to such factors as changed conditions as long as the administrative action is conducted within a reasonable time period. Bookman v. U.S., 453 F.2d 1263 (Ct. Cl. 1972).

With respect to legislative intent, the report of the Senate Committee on Finance on the bill which became the Trade Act of 1974 states regarding Commission practice under the Antidumping Act:

> (4) Review of agency determinations and findings.--The Antidumping Act does not contain specific provisions for the review by each agency of its individual determinations or of the findings of dumping issued by Treasury. However, both Treasury and the Commission have the authority to review, modify, or revoke their determinations. The Treasury by regulation has long exercised this function, initially and until 1954, with respect to both less-than-fair-value and injury determinations, and after 1954 with respect to its single determination of less-than-fair-value imports. In 1954, the Commission was given the authority to make the injury determinations under the Antidumping Act, and it has continued Treasury's practice as is recently evidenced by its review of several outstanding injury determinations, one of which was an inherent part of an outstanding finding of dumping issued by the Treasury. 1/

The Senate-House Conference Committee which considered amendments to the Antidumping Act in the bill on which the Committee on Finance was reporting did not disavow the above-quoted language regarding Commission practice.

As indicated by the Senate Committee on Finance above, the Commission has in the past reviewed outstanding injury determinations. In fact, in September 1974 the Commission issued its determination upon review in

---

1/ Trade Reform Act of 1974, Report of the Committee on Finance, United States Senate. . ., S.Rept. No. 93-1298 (93d Cong., 2d sess.), 1974, at p. 181.

Northern Bleached Hardwood Kraft Pulp From Canada, 1/ finding that if the outstanding finding of dumping in that case were revoked an industry in the United States would not be or would not likely be injured by reason of the importation of the subject merchandise from Canada sold, or likely to be sold, at LTFV.

The domestic industries

There are three separate and distinct U.S. industries focused upon in this investigation that might be directly affected by LTFV imports of primary lead metal. The first of these consists of the U.S. facilities devoted to the mining and milling of lead ores and concentrates (the only significant market for domestically produced lead ores and concentrates is the U.S. industry producing primary lead metal; therefore, the welfare of the mining and milling industry is dependent upon the demand for raw materials generated by the primary lead smelting and refining industry); the second industry consists of the facilities used in the smelting and refining of primary lead metal; and the third consists of the facilities used in smelting and refining secondary lead metal. The first two industries referred to above are the same as were found in the section 201(a) investigation of primary lead metal referred to previously. The third industry is new to this review proceeding.

Primary lead metal is produced from lead ores and concentrates, and secondary lead metal is recovered from scrap material. Historically, the great bulk of the U.S. output of secondary lead has consisted of lead alloys, whereas virtually all the U.S. production of primary lead metal has been pure lead. This situation has changed in the last several years,

1/ TC Publication 687, September 1974.

and in 1975 approximately 24 percent of total U.S. production of pure lead metal was supplied by secondary producers. The pure lead metal supplied by such producers is directly substitutable for the pure lead metal produced by primary producers on the basis of both price and quality. Thus, it is appropriate to look at the facilities devoted to such secondary production, since potential LTFV imports could have an impact upon such facilities. Further, while the product produced in the smelting and refining of secondary lead metal is directly substitutable for primary lead metal, the raw materials for it, the processes used in its production, and the skills of the workers employed in its production are quite different from those involving primary lead metal. Therefore, the facilities used in producing it should be considered as a separate industry.

No present injury

In the notice of institution of the present investigation, the Commission indicated, as previously stated, that it was investigating to determine whether, if the outstanding findings on dumping of primary lead metal were revoked, an industry in the United States would likely be injured by reason of the importation of such lead from Australia and Canada into the United States at less than fair value as specified in the aforementioned letter from Treasury of January 5, 1976. The Commission's notice did not try to ascertain whether an industry were injured, because clearly there can be no present injury by reason of the subject LTFV importation; since the imposition of dumping duties under T.D. 74-127 and T.D. 74-128, referred to previously, there has in effect been no importation at LTFV.

No likelihood of injury 1/

A number of indicators point to a rather healthy present situation in the various industries being considered in this investigation and indicate that they will compete well with imports in the future:

(1) Lead prices have traditionally been subject to numerous price changes, both upward and downward. The most marked price decline in recent years occurred in 1975, when the price declined from 24.5 cents per pound to 19 cents, or by 5.5 cents per pound. This sharp decline is attributable to the reduced demand for lead during the economic recession; such a decline clearly may not be attributed to LTFV imports from Australia and Canada because there were in effect no such imports in that year. During March-April 1976 the U.S. lead producers increased the price of lead by 3.5 to 4 cents per pound. These recent price increases represent an 18-to-21-percent increase in the price of lead within a period of less than 6 weeks.

(2) Data reported to the Commission indicate that in recession year 1975 the ratio of net operating profits to net sales for five firms which accounted for 79 percent of total industry output of lead-bearing ores and concentrates was 46 percent on their lead mining and milling operations. During the same year the ratio of net operating profits to

---

1/ Although in this investigation no attempt is made to consider the impact of the subject Australian imports separately from that of the subject Canadian imports (such separate treatment would not change our determination herein), we still adhere to our treatment of the question of the cumulative impact of imports as set out in Primary Lead Metal From Australia and Canada. . ., supra note 2, p. 3, at pp. 12-13, and 22-24.

net sales for three firms which accounted for 70 percent of total industry output of primary lead metal was 16 percent on their lead smelter and refinery operations. The only financial data obtained by the Commission with respect to secondary lead producers indicate that one large secondary producer operated at a moderate level of profit in 1975.

(3) In 1968, 338,000 tons of primary lead were imported, compared with 86,000 tons in 1975. Of the decrease, only approximately 80,000 tons can in any fashion be attributed to the outstanding dumping finding involving imports from Australia and Canada. This sustained decline (75 percent) in lead imports illustrates that the domestic lead industry has been able to compete effectively in the U.S. market and that the United States, which possesses some of the largest and richest ore reserves in the world, is becoming self-sufficient in lead.

(4) Presentations made to the Commission by both importers and domestic producers indicate that there will be growth in future lead consumption even though consumption in certain products such as lead additives for gasoline may decline. The interested parties in this investigation did not agree on the future growth rate for lead, but both importers and domestic producers predicted sharply higher U.S. consumption in 1976 than in 1975, with additional growth in demand forecast for 1977 and 1978.

In the Commission's previous investigation on this merchandise, it was specifically found in one opinion that present or future LTFV sales were not an identifiable cause of present injury then or of any possible injury that might in the future befall the U.S. industries being considered. 1/ It was indicated that a number of demand and supply factors were expected to influence the U.S. market for lead during the next several years, so much so as to obscure any part that LTFV imports from Australia or Canada might play. 2/

Many of the same factors which led to that finding are still present today, including environmental considerations, changes in the uses of lead, and changes in the demand for lead. On the basis of this review proceeding, no reason is found to change this finding regarding causation made in that previous investigation, and such finding is reaffirmed.

Conclusion

In light of the above-described present healthy condition of the three industries being considered in this investigation, their future prospects, and the failure to find possible future LTFV imports from Australia and Canada an identifiable cause of any future injury to the domestic industries, we determine that, if the findings of dumping on primary lead from Australia and Canada were revoked, an industry in the United States would not likely be injured by reason of the importation of such merchandise into the United States at LTFV as specified in the letter received January 5, 1976, from the Treasury.

1/ Primary Lead Metal From Australia and Canada: Determination of Injury or Likelihood Thereof, Investigation Nos. AA1921-134 and 135 . . ., TC Publication 639, January 1974, pp. 16-21.
2/ Ibid., p. 20.

Concurring Views of Commissioners George M. Moore and Joseph O. Parker

The question presented to the Commission in this proceeding is as follows:

> If the findings of dumping on primary lead metal as described in the letter from the Department of the Treasury on January 5, 1976, were revoked, would an industry in the United States be likely to be injured by reason of the importation of primary lead metal from Australia and Canada into the United States at less than fair value as specified in the aforementioned letter from the Department of the Treasury?

Regardless of how an industry in the United States is defined, the answer to the foregoing question is in the negative. At the least, the industry in the United States with which the Commission is concerned consists of the domestic facilities of U.S. producers devoted to the mining and milling of lead-bearing ores and concentrates and the smelting and refining of primary lead.

In our opinion, in view of the evidence presented to the Commission during this investigation which shows (1) the projected increase in domestic consumption of primary lead, (2) the current healthy state of the domestic industry defined above, (3) the profitability of operations of that industry in recent years, (4) the marked increase in the domestic prices of lead metal which have become effective in recent months, and (5) the assurances of Australian and Canadian producers that their imports of primary lead into the United States at less than fair value will not be sold below prevailing domestic market prices if the dumping findings are revoked, it is clear that an industry in the United States is not likely to be injured.

Concurring Views of Commissioner Catherine Bedell

The Commission has unanimously determined that if the findings of dumping on primary lead from Australia and Canada were revoked an industry in the United States would not be likely to be injured by reason of the importation of such merchandise into the United States at less than fair value within the meaning of the Antidumping Act, 1921, as amended, as specified in the letter received January 5, 1976, from the Department of the Treasury. As a consequence of this negative determination by the Commission, the findings of dumping issued by the Treasury in April 1974 will be revoked. Inasmuch as my affirmative determination of January 10, 1974, under section 201(a) of the Antidumping Act, 1921, was in part the basis upon which the findings of dumping were issued by the Treasury, I believe it is incumbent upon me to explain the changed circumstances that now prompt my negative determination in the instant investigation.

The industry involved

In my January 10, 1974, determination, I considered the impact of LTFV imports on the U.S. industry consisting of facilities in the United States devoted to the production of primary lead, i.e., the mines and mills that produce lead-bearing ores or concentrates, and the smelters and refineries that produce primary lead metal. In that determination I expressed the view that the economic factors then involved clearly pointed to likelihood of injury to such domestic industry in the immediate future.

In making my present negative determination based upon changed circumstances, I have considered the impact that terminating the findings of dumping would have not only on the domestic facilities devoted to the production of primary lead but also on those devoted to the production of secondary lead, i.e., lead recovered from scrap material. Historically, the great bulk of the U.S. output of secondary lead has consisted of lead alloys, whereas virtually all the U.S. production of primary lead has been pure lead metal. In recent years the situation has changed. By 1975, according to information obtained in this investigation, approximately 24 percent of the total U.S. production of pure lead metal was supplied by secondary producers. Since primary and secondary lead are interchangeable in many applications and compete directly with each other in the market place, my determination of no likelihood of injury in this case is based upon consideration of the impact on both the primary and secondary lead industries.

Effect of issuing findings of dumping

Between 1968 and 1973, the share of the domestic lead market supplied by imports from Australia and Canada remained fairly stable at an average of 8 percent. The issuance by Treasury in April 1974 of findings of dumping with respect to LTFV imports of primary lead from Australia and Canada resulted in cessation of imports from Australia and a substantial decline in imports from Canada. The U.S. market share of these two countries fell to 1.9 percent in 1975.

The Canadian suppliers adjusted their home market prices so that their prices to the United States were not at LTFV.

During the past 2 years, while the dumping findings have been in effect, the domestic lead market has been characterized by frequent price changes and high profits for domestic producers. U.S. producers raised the price of lead from 19 to 22.5 and 23 cents per pound during March-April 1976. This substantial price increase, coupled with the anticipated increase in consumption, indicates further increases in profitability for domestic producers. Production and employment have remained relatively stable. The outlook for the domestic battery industry is excellent. While the situation with respect to lead consumption in gasoline remains uncertain, the projected overall consumption of lead in 1976-78 is more favorable to the domestic industry than those projections made in January 1974.

The effect of revocation of the dumping findings

It is believed that when the dumping findings are revoked by Treasury, imports of lead metal from Australia and Canada will increase and will probably, in due course, account for their traditional share of the U.S. market. Although this may decrease domestic producers' sales and profits, the good economic health of the industry should be maintained by rising consumption and extremely strong profit margins. Of greater importance, in light of the purpose of the statute under which this determination is rendered, is the fact that the foreign suppliers and U.S. importers have assured the Commission that their

selling prices in the United States will be at the prevailing U.S. market prices. This should guarantee that the reentry of Australia and Canada into the U.S. market and their probable recapture of their traditional shares of the market will be accomplished by fair, competitive pricing practices. Although their selling prices may be at LTFV after consideration of the amount of the U.S. duty, transportation costs, and possible currency exchange fluctuations, I am satisfied by the assurances given and other factors that discounting below the prevailing market price will not be practiced. Therefore, the dumping that may occur under the circumstances noted above will not be at discriminatory, i.e., culpable, or unfair, prices.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On April 9, 1975, the Department of the Treasury forwarded to the United States International Trade Commission a petition which on injury grounds requested revocation of the dumping findings on primary lead metal from Australia and Canada (T.D. 74-127 and T.D. 74-128). The Commission on May 20, 1975, ordered a public hearing to be held July 22, 1975, "to determine whether the Commission should reopen and review its determination of January 10, 1974, in investigation Nos. AA1921-134 and 135". The Commission cancelled the scheduled hearing on the basis of a letter of July 15, 1975, from the Deputy Assistant Secretary (Tariff Affairs) Department of the Treasury, which stated:

> In order to provide the Commission with the pricing information and analysis it needs, and to establish a sound basis for a review of the petition first forwarded to the Commission by Mr. Macdonald's letter of April 12, I believe it would be appropriate to provide updated foreign market and export price information to the Commission. Along with that information, we would furnish judgment as to what that data reveals as to the likelihood that sales at less than fair value would have occurred in the absence of an outstanding dumping finding.

On January 5, 1976, the Department of the Treasury again forwarded the revocation petition together with the requested pricing information to the Commission "for such review as it deems appropriate." (The aforementioned July 15, 1975, and January 5, 1976, letters from the Department of the Treasury are included in the appendix.)

On January 22, 1976, the Commission instituted investigation No. AA1921-134A and 135A to determine whether, if the findings of dumping on such primary lead metal were revoked, an industry in the United States would likely be injured by reason of the importation of primary lead metal from Australia and Canada into the United States at less than fair value as specified in the aforementioned January 5, 1976, letter from the Department of the Treasury.

Notice of the institution of the investigation and of the hearing was duly given by posting copies of the notice at the Office of the Secretary, U.S. International Trade Commission, Washington, D.C. and the New York Office of the Commission, and by publishing the notice in the Federal Register (41 F.R. 4076) on January 28, 1976. The hearing was held on February 24-26, 1976, in the Commission's hearing room.

Description and Uses

In addition to primary lead metal, the product found by Treasury to be selling at less than fair value (LTFV), the commodities covered here and in other sections of this report include lead-bearing ores and concentrates and other lead-bearing materials, as well as the lead produced by the secondary lead industry. In this manner, the report covers mine output of the basic raw material for producing primary lead metal, and also secondary lead output, which supplies a substantial share of the total national market for lead.

Galena, a lead sulfide, is by far the most important lead ore. However, in many deposits, lead- and zinc-bearing minerals occur in such mixtures that they must be mined together.

The great bulk of lead-bearing ores and concentrates are converted into metal, termed primary lead metal; a very small amount is processed directly into chemical compounds. Some lead ores are rich enough to be smelted directly; most ores, however, contain so much other waste material that they have to be concentrated before smelting. The ores are concentrated (to about 65 percent lead content) generally at or near the mine sites. In the process of concentration, the lead-bearing minerals (and other marketable minerals) are separated from gangue, or waste rock. Concentration usually consists of several main stages, such as crushing, grinding, and gravity or flotation concentration, in which the minerals separate from the waste material in a water suspension and rise to the surface.

Smelting of lead consists of reducing the mineral to metal and other products by using heat from the combustion of fuel, usually in a lead blast furnace. In preparation for smelting, concentrates are first roasted and sintered (through the use of heat and oxygen), so that the lead-bearing mineral is oxidized. The smelted lead requires from some concentrates no further processing to meet requirements for many commercial uses. For other concentrates, however, the smelter product--lead bullion--contains recoverable quantities of other material including gold, silver, copper, antimony, arsenic, and bismuth, together with impurities; therefore, the bullion must be further refined, in several additional stages, such as drossing, softening, and desilverizing. The gold, silver, and other metals are recovered as important byproducts of lead refining.

Production of secondary lead includes collecting, sorting, and segregating the waste and scrap (primarily discarded storage batteries). Smelting and the refining of secondary lead are usually carried out in contiguous plants; the products of such secondary installations include other metals, especially antimony. A large part of secondary lead output consists of lead alloys.

Lead metal is used mainly in the manufacture of metal articles, chemicals, and pigments. The use of lead in the manufacture of storage batteries and in the production of gasoline antiknock additives has accounted for a very large share of the total lead consumed in recent years. Other important products made from lead are solder, ammunition, cable covering, red lead, and litharge.

Customs Treatment

For all of the items listed in the following table, the rates of duty have been in effect since June 6, 1951. Each of the rates reflect a concession granted by the United States under the General Agreement on Tariffs and Trade (GATT). The rates shown below were reduced by 50 percent from those set under the Tariff Act of 1930.

Unmanufactured lead: U.S. rates of duty, Jan. 1, 1976

Item	Rate of duty	Approximate ad valorem equivalent 1/
		Percent
Lead ore and other lead-bearing materials:		
602.10	0.75¢ per lb. on lead content.	5.2
603.25	1.0625¢ per lb. on lead content.	3.0
603.49	0.75¢ per lb. on lead content.	2/
603.50	0.75¢ per lb. on lead content.	6.0
603.54	0.75¢ per lb. on lead content.	2/
603.55	0.75¢ per lb. on lead content.	2/
Unwrought lead metal:		
624.02	1.0625¢ per lb. on 99.6 percent of lead content.	4.8
624.03:		
Alloyed	1.0625¢ per lb. on lead content.	2.7
Other	1.0625¢ per lb. on lead content.	4.8
624.04	1.0625¢ per lb. on 99.6 percent of lead content.	6.4

1/ Based on the foreign value of 1975 imports.
2/ No basis for determination.

Nature and Extent of Sales at Less Than Fair Value

Pursuant to the petition on behalf of several large consumers of lead metal requesting revocation of the dumping finding on primary lead metal and later discussions thereon with the U.S. International Trade Commission, the Department of the Treasury reviewed the pricing of imports of primary lead metal from Australia and Canada.

With respect to imports of primary lead metal from Australia, the Department of the Treasury advised that there have been no lead imports from Australia since the dumping finding on January 10, 1974; that the constructed calculations indicate that if the dumping finding had not been in effect the sales to the United States would have been made at the prevailing U.S. price; that the estimated LTFV margins based on fair-value prices would have ranged roughly from * * * percent 1/; and that these LTFV margins "would appear to be caused technically due to the deduction of transportation costs and duties required by statute."

With respect to imports of primary lead metal from Canada, the Department of the Treasury advised that the constructed calculations indicate that had the dumping finding not been in effect sales to the United States would have been made at prevailing U.S. prices; that in fact, actual Canadian sales in the United States have been made at prevailing U.S. prices; that Canadian home-market prices through January-September 1975 were slightly lower than U.S. prices; that "technically sales at less than fair value would have existed when the statutorily required deductions for transportation costs and U.S. duties were made

1/ Computed by the staff of the U.S. International Trade Commission.

to export prices" whether prices were equalized at the U.S. or the Canadian level; and that hypothetically estimated LTFV margins based on fair value prices would have been in the range of * * * percent.

For comparison, the weighted average LTFV margin resulting from Treasury's previous fair value investigation, based on fair value, was * * * percent for * * *.

Consideration of Likelihood of Injury

Domestic Lead Industry

Producers of refined lead and lead base alloys are customarily divided into two groups: primary and secondary producers. The distinction turns on the source of the input used in the refining process. The primary producers refine lead metal from lead ores and concentrates, while the secondary producers recover theirs from scrap.

U.S. primary lead producers

The primary lead industry can be further divided into three types of companies: independent mines, integrated producers, and a combination custom refiner-integrated producer.

The principal independent lead-mining companies in the United States are Cominco American, Inc., Dresser Minerals Division of Dresser Industries, Ozark Lead, (a subsidiary of Kennecott Copper), Hecla Mining Co., and Day Mines, Inc. * * *

The only fully integrated producers are St. Joseph Minerals Corp. (hereinafter referred to as St. Joe), Amax, and Homestake. 2/ These companies operate combination smelter-refineries in Missouri to treat the concentrates from their own mines. * * *.

1/ * * *.

2/ Amax and Homestake jointly own a mine and smelter-refinery in Missouri. However, each company markets the primary lead metal separately.

The remaining type of firm is the combination custom refiner-integrated producer. The Bunker Hill Co., a subsidiary of Gulf Resources and Chemicals, is this type of firm. Until June 1973, * * * percent of Bunker Hill's output of refined lead metal was produced from concentrates supplied by company owned or controlled mines; * * * percent, from purchased ores, i.e., custom refined; and * * * percent, * * *. Beginning in June 1973, however, the share of lead output * * * was reduced to * * * percent, and that custom refined was * * * percent.

Asarco also operates in the same fashion as Bunker Hill, but it is almost completely a custom refiner. Asarco has two refineries, one at Glover, Mo., and the other at Omaha, Nebr.; the latter processes the output of more than 90 mines.

Until 1971 there were two other major firms involved in the domestic primary lead industry: International Smelting and Refining, a subsidiary of Anaconda Copper, and United States Smelting and Refining, a subsidiary of U-V Industries. The closing of the mines, smelter, and refinery of these two companies is discussed on page 12 of this report.

Domestic production of lead- bearing ores and concentrates

In 1975, more than 100 domestic mines were engaged in the production of lead-bearing ores and concentrates. The 25 largest mines accounted for more than 99 percent of total U.S. mine output of lead.

The mine output of the four largest lead-ore-producing States during the years 1970-75 is shown in the table below.

U.S. lead ore production, by principal producing States, 1970-75

State	1970	1971	1972	1973	1974	1975 2/
	Quantity (1,000 short tons) 1/					
Missouri	422	430	489	487	568	512
Idaho	61	67	61	62	51	50
Colorado	22	26	33	28	24	27
Utah	45	38	21	14	11	13
Other	22	18	15	12	15	23
Total	572	579	619	603	669	625
	Percent of total					
Production of four largest States as a share of total U.S. production	96	97	98	98	98	96

1/ Recoverable lead content.
2/ Estimated.

Source: Compiled from official statistics of the U.S. Bureas of Mines.

As indicated above, total production of domestic lead ore in 1975 was 9 percent larger than that in 1970, but 7 percent smaller than that in the prior year. Missouri's mine output increased at a much faster pace than total mine output. Missouri's share of total U.S. mine output rose from 74 percent of the total in 1970 to 85 percent in 1974; in 1975,

it declined to 82 percent. As shown in the table above, the share of the total output contributed by Missouri and the three other leading States, combined, grew from 96 percent in 1970 to 98 percent in 1972-74, and then declined to 96 percent in 1975. Missouri's production is related directly to the development of large reserves of low-cost, high-grade ore in the New Lead Belt in south-eastern Missouri.

Installed U.S. primary-lead-refining capacity

The U.S. primary lead producers are ranked in the following table by installed refining capacity from the largest (Asarco) to the smallest (Bunker Hill) as of December 31 of the years 1970-75.

Installed U.S. primary-lead-refining capacity, by companies, as of Dec. 31 of 1970-75

(In thousands of short tons)

Company	Dec. 31--					
	1970	1971	1972	1973	1974	1975
* * *	*	*	*	*	*	
Total	785	805	785	785	785	785

Source: American Bureau of Metal Statistics, except as noted.

As indicated in the table above, installed U.S. capacity to refine primary lead during 1970-75 was marked by only three changes, all of which resulted in no net change in capacity. One was the conversion of U-V Industries * * * tons-per-year refinery at East Chicago, Ind., into a secondary smelter. The company was forced out of the primary lead industry because of the closing of Anaconda's custom smelter at Tooele, Utah. The reasons cited by Anaconda for the closing were (a) inability to meet environmental control regulations; (b) lack of nearby ores and concentrates; and (c) market conditions (i.e., depressed prices). The other changes in capacity were the * * * completion of Amax's * * * tons-per-year refinery at Buick, Mo., and Asarco's * * * tons-per-year

at its Glover, Mo., refinery; these two refineries were constructed specifically to handle the increased output of lead ore from mines in Missouri's New Lead Belt.

U.S. primary lead production

U.S. primary lead production for 1970-75, with producers ranked by output in 1975, is shown in the following table.

Primary lead metal: U.S. production, by companies, 1970-75

(In thousands of short tons)

Company	1970	1971	1972	1973	1974	1975 1/
* *	*	*	*	*	*	*
Total	684	666	687	720	696	635

1/ Data are estimated.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, except as noted.

During 1970-75, U.S. primary lead production increased from 666,000 tons in 1971 to a high of 720,000 tons in 1973, and then dropped to 635,000 tons in 1975, the lowest level of the 6-year period.

Utilization of U.S. primary-lead-refining capacity

The average utilization of U.S. primary-lead-refining capacity has ranged from a low of 81 percent in 1975 to a high of 92 percent in 1973, as indicated in the table below.

Primary lead metal: U.S. refining capacity and percent of utilization, by company, 1970-75

Company	1970	1971	1972	1973	1974	1975
* * *----------	* * *	* * *	* * *	* * *	* * *	* * *
* * *----------	* * *	* * *	* * *	* * *	* * *	* * *
* * *----------	* * *	* * *	* * *	* * *	* * *	* * *
* * *----------	* * *	* * *	* * *	* * *	* * *	* * *
* * *----------	* * *	* * *	* * *	* * *	* * *	* * *
Industry average-----	87	82	88	92	89	81

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission or estimates made by the staff of the U.S. International Trade Commission.

For all companies except * * * , as shown in the table, utilization of capacity was generally above 90 percent, especially during 1970-74. * * * consistently realized the lowest utilization ratios, although its performance improved substantially in 1973 in comparison with that in all the other years shown. During 1975, * * * continued to operate at a reduced level--* * * percent of capacity--the same rate as in 1974.

U.S. secondary lead industry

The secondary lead industry is of major importance in the domestic lead supply pattern; it accounted for 50 percent of total U.S. production of lead (primary and secondary) in 1974. More than 200 companies process lead scrap, which is obtained principally from old batteries. Through subsidiaries, RSR Corp., NL Industries, and Asarco own and operate secondary smelters which together make up * * * percent of the total secondary lead capacity. The remaining * * * percent is owned and operated by numerous smaller companies that produce various metals from secondary materials and by companies that manufacture lead-acid storage batteries.

As indicated in the table below, total production of secondary lead increased from 597,000 tons in 1970 to 699,000 tons in 1974. In 1975, secondary-lead production declined by 17 percent to 578,000 tons, its lowest level in the last 6 years.

Secondary lead: U.S. production, 1970-75

(In thousands of short tons)

Type	1970	1971	1972	1973	1974	1975 1/
Refined lead metal	159	150	173	186	219	212
Antimonial lead 2/	348	343	346	375	405	275
Other alloys 2/	90	104	97	92	75	91
Total	597	597	616	653	699	578

1/ Data are estimated.
2/ Lead content.

Source: American Bureau of Metal Statistics.

As indicated in the table on the preceding page, the production of secondary lead is divided into three basic classes: refined lead metal, antimonial lead, and other alloys. The refined lead metal produced by the secondary smelters is essentially the same as the refined lead metal produced by the primary refineries, so this metal competes directly with the primary refined lead metal. Primary refineries also produce antimonial lead and other alloys, but their production is very small compared with the production of lead alloys by the secondary industry.

The production of antimonial lead accounted for about 58 percent of total secondary lead output in 1974. In 1975 the share of antimonial lead in total secondary lead production declined to about 48 percent. The principal factors in this decline were these: (1) The 1975 recession impacted antimonial lead more severely than it affected secondary production of refined lead metal or other lead alloys, because of a sharp decline in new and replacement battery sales, and (2) the year 1975 also marked the beginning of large-scale production of maintenance-free batteries. These batteries are produced either without any antimonial lead or with significant reductions from previous amounts consumed.

In early 1975, NL Industries, * * * announced plans to double its current * * * tons-per-year capacity in 6 years and to triple its capacity in 10 years to meet future U.S. requirements and to increase its share of the lead market. To implement its expansion program, NL Industries will build * * * new plants in various parts of the

United States to maximize scrap lead availability and minimize freight costs of incoming lead scrap and outgoing lead metal. Information is lacking on the extent to which this program has been implemented.

U.S. lead industry inventories

As shown in the following table, the inventory position of the U.S. primary lead industry has changed considerably since the Commission's decision on dumping was made in January 1974. Total inventories of lead ores, bullion, and primary lead metal increased from about 164,000 tons on December 31, 1973, to a record high of 260,000 tons on June 30, 1975, and then declined to 247,000 tons on December 31, 1975. During the same period (December 31, 1973-December 31, 1975) inventories of lead ores increased from * * * tons to * * * tons (by 22 percent) and inventories of primary lead metal grew from 22,000 tons to 78,000 tons (by 255 percent). As shown in the table, almost all of the inventory increases occurred in 1975.

Secondary producers' stock of lead scrap averaged 66,800 tons during 1971-73, the 3-year period immediately preceding the Commission's decision on dumping. Since January 1974, secondary producers' stocks have averaged 88,900 tons, representing an increase of 22,100 tons (or 33 percent) over the earlier average.

Lead ores and concentrates, lead bullion, primary lead metal, and secondary lead: Inventories held by U.S. smelters and refineries, at the end of each quarter, 1971-75

(In thousands of short tons)

	Lead				
	Ores and concentrates	Bullion	Primary metal	Total	Secondary lead
Mar. 31, 1971----	* * *	* * *	89.0	250.6	65.7
June 30, 1971----	* * *	* * *	80.0	237.4	64.5
Sept. 30, 1971----	* * *	* * *	74.9	218.1	63.7
Dec. 31, 1971----	* * *	* * *	58.9	200.7	70.6
Mar. 31, 1972----	* * *	* * *	48.7	195.4	71.1
June 30, 1972----	* * *	* * *	40.3	209.9	66.6
Sept. 30, 1972----	* * *	* * *	65.8	241.1	62.9
Dec. 31, 1972----	* * *	* * *	70.1	249.1	60.2
Mar. 31, 1973----	* * *	* * *	46.6	194.8	63.0
June 30, 1973----	* * *	* * *	41.2	163.7	64.3
Sept. 30, 1973----	* * *	* * *	33.5	167.1	70.7
Dec. 31, 1973----	* * *	* * *	22.4	164.2	78.6
Mar. 31, 1974----	* * *	* * *	23.9	167.4	91.8
June 30, 1974----	* * *	* * *	18.2	167.8	88.8
Sept. 30, 1974----	* * *	* * *	19.8	162.4	108.0
Dec. 31, 1974----	* * *	* * *	27.1	186.6	85.3
Mar. 31, 1975----	* * *	* * *	74.2	221.6	92.2
June 30, 1975----	* * *	* * *	89.2	260.2	77.4
Sept. 30, 1975----	* * *	* * *	80.2	250.2	79.5
Dec. 31, 1975----	* * *	* * *	78.2	247.4	87.8

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, except as noted.

Government Stockpile Disposal Program

Releases of lead metal from the U.S. Government stockpile, as shown in the following table, were relatively small until 1973 and 1974. In those years, demand for lead in the United States, accompanied by high foreign demand, caused large releases from the Government stockpile. General Services Administration (GSA) shipped only 7 tons of lead metal during 1975 because of depressed market conditions. No GSA releases are expected during 1976 owing to the high inventory levels of U.S. producers.

In 1970-75, U.S. stockpile releases were as follows (in thousands of short tons): 1970--12,000; 1971--10,000; 1972--50,000; 1973--240,000; 1974--228,000; and 1975--7,000.

GSA currently holds about 602,000 tons of lead in the stockpile. About 73,000 tons of the total stockpile can be released when market conditions improve. About 65,000 tons will be permanently held by GSA. The remaining 464,000 tons has been declared excess and can be sold upon authorization of the Congress.

U.S. Employment

Mining and milling

As shown in the table on the following page, average employment of all persons in the lead mining and milling industry decreased each year, from 3,627 in 1970 to 2,880 in 1975. Average employment of production and related workers in the lead mining and milling industry also decreased each year, from 3,126 in 1970 to 2,374 in 1975.

The decline in average employment in the lead mining and milling industry primarily reflects the opening of new Missouri mines. The ore deposits in these mines can be mined by high-capacity mining machines and mechanized mining methods; thus, the output of these mines per unit of labor is greater than that of older mines.

Lead mining and milling: U.S. employment, by companies, 1970-75

Item	St. Joe	Hecla Mining	Bunker Hill	Amax	Cominco American	Asarco	Day Mines	Total
All employees:								
1970	* * *	* * *	* * *	* * *	* * *	* * *	* * *	3,627
1971	* * *	* * *	* * *	* * *	* * *	* * *	* * *	3,366
1972	* * *	* * *	* * *	* * *	* * *	* * *	* * *	3,177
1973	* * *	* * *	* * *	* * *	* * *	* * *	* * *	3,104
1974	* * *	* * *	* * *	* * *	* * *	* * *	* * *	2,977
1975	* * *	* * *	* * *	* * *	* * *	* * *	* * *	2,880
Production and related workers:								
1970	* * *	* * *	* * *	* * *	* * *	* * *	* * *	3,126
1971	* * *	* * *	* * *	* * *	* * *	* * *	* * *	2,885
1972	* * *	* * *	* * *	* * *	* * *	* * *	* * *	2,709
1973	* * *	* * *	* * *	* * *	* * *	* * *	* * *	2,563
1974	* * *	* * *	* * *	* * *	* * *	* * *	* * *	2,463
1975	* * *	* * *	* * *	* * *	* * *	* * *	* * *	2,374

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Smelting and refining

As shown in the table on the following page, average employment of all persons in the lead smelting and refining industry declined from 2,672 in 1970 to 2,142 in 1971, increased over the next 3 years to 2,569 in 1974, then declined to 2,537 in 1975.

Average employment of production and related workers in the lead smelting and refining industry declined from 2,215 in 1970 to 1,789 in 1971, increased over the next 3 years to 2,108 in 1974, then declined to 2,041 in 1975.

The decline in average employment in 1971 primarily reflects the closing of the older, less efficient smelters and refineries.

Lead smelting and refining: U.S. employment, by companies, 1970-75

Item	Asarco	St. Joe	Bunker Hill	Amax	Total
All employees:					
1970	* * *	* * *	* * *	* * *	2,672
1971	* * *	* * *	* * *	* * *	2,142
1972	* * *	* * *	* * *	* * *	2,312
1973	* * *	* * *	* * *	* * *	2,500
1974	* * *	* * *	* * *	* * *	2,569
1975	* * *	* * *	* * *	* * *	2,537
Production and related workers:					
1970	* * *	* * *	* * *	* * *	2,215
1971	* * *	* * *	* * *	* * *	1,789
1972	* * *	* * *	* * *	* * *	1,920
1973	* * *	* * *	* * *	* * *	2,046
1974	* * *	* * *	* * *	* * *	2,108
1975	* * *	* * *	* * *	* * *	2,041

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. Exports

Total U.S. exports of lead ores, lead scrap, and lead metal have increased from * * * tons in 1970 to a peak of * * * tons in 1973 * * * and then declined somewhat to an estimated * * * tons in 1975. The large increase in U.S. exports was principally caused by increased supplies in the United States and a higher world price during 1973 and 1974.

Unmanufactured lead: U.S. exports, 1970-75

(In short tons)

Year	Lead-bearing ores and concentrates	Lead waste and scrap	Lead metal, unwrought	Lead alloys, unwrought	Total
1970	* * *	4,214	4,372	597	* * *
1971	* * *	9,573	2,611	1,158	* * *
1972	* * *	35,233	5,134	1,471	* * *
1973	* * *	59,851	46,778	5,083	* * *
1974	* * *	59,366	46,030	7,558	* * *
1975	* * *	1/ 46,086	1/ 17,444	1/ 918	1/ * * *

1/ Estimated on the basis of data for 11 months.

Source: Compiled from official statistics of the U.S. Department of Commerce except as noted.

In 1973, U.S. primary lead producers accounted for * * * percent of U.S. exports of lead metal. In 1974 and 1975, U.S. primary lead producers accounted for * * * percent and * * * percent, respectively, of total U.S. lead metal exports. Secondary lead producers accounted for the remaining U.S. exports of lead metal in 1973-75.

U.S. Imports

In 1975, total imports of primary lead metal decreased by about 27 percent from those in 1974. As shown in the following table, imports from Canada were down about 42 percent in 1975 from those in 1974. There were no imports from Australia in 1975.

Primary lead metal: 1/ U.S. imports for consumption, by countries of origin, 1970-75

(In thousands of short tons)

Year	Canada	Peru	Australia	Mexico	Other	Total
1970	63	52	52	38	39	244
1971	56	36	39	30	31	192
1972	77	49	39	36	39	240
1973	62	43	46	20	7	178
1974	40	40	3	29	6	118
1975	23	20	-	29	14	86

1/ Includes some lead metal produced from scrap.

Source: U.S. Bureau of Mines.

In 1975, total imports of lead ore and concentrates and lead bullion decreased by about 29 percent from those in 1974. As shown in the following table, imports from Canada increased about 17 percent in 1975 over those in 1974. Imports from Australia declined about 48 percent in 1975 from those in 1974.

Lead ores and concentrates and lead bullion: U.S. imports for consumption, by countries of origin, 1970-75

(In thousands of short tons)

Year	Canada	Peru	Australia	Mexico	Other	Total
1970	23.4	8.2	7.6	0.3	4.3	43.8
1971	37.3	20.6	12.4	1.0	19.4	90.7
1972	15.0	11.9	13.9	3.7	8.9	53.4
1973	12.2	32.5	27.6	1.3	23.5	97.1
1974	12.8	17.5	16.2	-	18.2	64.7
1975	15.0	12.6	8.4	.4	9.3	45.7

Source: U.S. Bureau of Mines.

U.S. Consumption

General

In 1975 U.S. consumption of all forms of lead decreased for the first time in the years 1970-75. Total consumption of lead in the United States declined in 1975, to 1,231,000 tons, or by 23 percent, from the quantity consumed in 1974.

As shown in the following table, all the major lead products experienced a decline in consumption. The two major end products manufactured from lead--batteries and gasoline antiknock additives (tetra ethyl lead)--declined 21 percent and 16 percent, respectively, from 1974 to 1975.

Unmanufactured lead: U.S. consumption, by selected product categories, 1970-75

(In thousands of short tons)

Product category	1970	1971	1972	1973	1974	1975 1/
Metal products:						
Ammunition	73	88	85	81	87	75
Solder	70	70	71	72	66	51
Storage battery grids, posts, etc	283	322	347	366	391	310
Storage battery oxides	310	358	379	403	460	356
Other	209	208	182	186	175	116
Total	945	1,046	1,064	1,108	1,179	908
Pigments	99	81	89	109	116	77
Chemicals:						
Gasoline antiknock additives	279	264	278	274	251	209
Miscellaneous chemicals	1	2/	1	1	2/	2/
Total	280	265	279	275	251	209
Miscellaneous and unclassified uses	38	39	52	29	52	38
Grand total 3/	1,361	1,432	1,485	1,521	1,599	1,231

1/ Data are estimated.
2/ Less than 500 tons.
3/ Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Bureau of Mines.

Deceleration of growth in consumption

Although total U.S. consumption of primary and secondary lead grew during the early 1970's, that growth was dampened by factors affecting specific uses of lead, examples of which follow. Because of environmental regulations, the amount of lead in antiknock additives per unit of gasoline has been reduced; the effects of this action have been somewhat offset by increased gasoline consumption, but new Environmental Protection Agency (EPA) rules, announced in November 1973, require a 60-percent drop, from 1.75 grams of lead per gallon of gasoline in 1975 to 0.5 gram per gallon in 1979. 1/ Environmental regulations have also suppressed the consumption of lead in ammunition production. Toxic effects attributed to lead have resulted in the elimination of lead in interior paints and in toothpaste tubes. Titanium and zinc pigments have virtually replaced lead pigments in exterior paints. The use of calking lead has continued to decrease because of growing substitution of rubber seals in the joints of cast-iron soil pipe, and advances in battery design and the trend toward cars of smaller size have reduced the quantity of lead consumed per unit of storage battery manufactured.

1/ The EPA regulations were upheld in a March 19, 1976, decision of the U.S. Court of Appeals for the District of Columbia. It is unknown whether the Supreme Court will grant certiorari to review the decision.

Subsequent to the Commission's determination in January 1974, the Occupational Safety and Health Administration (OSHA) proposed new U.S. health and safety standards on the level of lead dust which would be permitted inside a lead smelter or refinery. OSHA is currently holding hearings and preparing a study on the effects of these standards on the domestic lead industry. Preliminary findings of the OSHA study indicated that the new U.S. standards will impose higher costs on domestic lead producers and may place their product at a competitive disadvantage with lead imported from other countries in which there are no health and safety standards similar to OSHA's.

On March 2, 1976, Federal District Court Judge Charles E. Stewart, Jr., ruled that EPA must place lead on its list of pollutants within 30 days. Under the Clean Air Act, within a year after a pollutant is placed on the list, the agency must issue a national air-quality standard to establish the amount of the pollutant that is permissible in the air that people breathe. Then, 9 months after this standard has been established, a plan for meeting the standard must be submitted by each State, and the Federal agency has 4 additional months to approve these plans or proceed to develop a plan of its own. Judge Stewart's decision on listing lead as a pollutant resulted from a suit that the Natural Resources Defense Council filed against EPA for its failure to place lead on the list of pollutants under section 108 of the Clean Air Act.

Market Penetration Ratios

Primary lead metal

As shown in both the tables below, the import penetration ratio for all imports of primary lead metal, that is, the ratio of imports to apparent consumption of primary lead, declined to 11.9 percent in 1974, the lowest level in the last 25 years. The figure for 1975 represents a 10-percent increase over that for 1974. The unaggregated data is shown in the table on p. 31.

The penetration ratio for imports from Canada declined from 4.0 percent in 1974 to 3.5 percent in 1975.

Primary lead metal: 1/ Market penetration ratios of U.S. imports for consumption, by principal countries of origin, 1970-75

(In percent)

Year	Canada	Peru	Australia	Mexico	Other	Total
1970	6.7	5.6	5.6	4.1	4.2	26.1
1971	6.3	4.0	4.4	3.4	3.5	21.5
1972	8.0	5.1	4.1	3.8	4.1	25.0
1973	5.4	3.8	4.0	1.8	.6	15.6
1974	4.0	4.0	.3	2.7	.6	11.9
1975	3.5	3.0	-	4.4	2.1	13.1

1/ Includes some lead metal produced from scrap.

Source: Compiled by the staff of the U.S. International Trade Commission.

Primary lead metal: U.S. producers' shipments, exports, imports, and calculated apparent consumption, 1970-75

Year	U.S. producers' shipments	Exports	Imports	Calculated apparent consumption 1/	Ratio of imports to consumption
	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	Percent
1970	684	4	244	936	26.1
1971	696	3	192	895	21.5
1972	675	5	240	960	25.0
1973	768	47	178	1,139	15.6
1974	691	46	118	991	11.9
1975	584	18	86	659	13.1

1/ Calculated apparent consumption includes shipments from the U.S. Government stockpile. An unknown amount of such shipments is also included in U.S. producers' shipments. This double counting overstates consumption in 1973 and 1974 by an estimated 10 percent.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Bureau of Mines.

Primary lead metal and secondary lead metal

As shown in the table below, the import penetration ratio, that is, the ratio of all imports of primary lead metal, to reported consumption shown on page 27 of all types of lead, declined to 7.0 percent in 1975, the lowest level in the last years 1970-75. This figure represents a 5-percent decrease from the 1974 figure.

The penetration ratio for imports from Canada declined from 2.5 percent in 1974 to 1.9 percent in 1975.

Primary and secondary lead metal: Market penetration ratios of U.S. imports for consumption, by principal countries of origin, 1970-75

(In percent)

Year	Canada	Peru	Australia	Mexico	Other	Total
1970	4.6	3.8	3.8	2.8	2.9	17.9
1971	3.9	2.5	2.7	2.1	2.2	13.4
1972	5.2	3.3	2.6	2.4	2.6	16.2
1973	4.1	2.8	3.0	1.3	.5	11.7
1974	2.5	2.5	.2	1.8	.4	7.4
1975	1.9	1.6	-	2.4	1.1	7.0

Marketing Arrangements

The lead-bearing ores and concentrates produced by independent mining companies are sold to smelting or refining companies on the basis of contracts setting forth the schedule of delivery and the terms of payment. Most of the contracts are long-term ones, usually covering a period of several years. The ores and concentrates produced by such mining companies are usually channeled to the nearest smelter/refinery to minimize transportation costs.

All the refineries except one, sell all their output on the basis of long-term contracts-- an arrangement that apparently accounts for the bulk of annual sales--and on the basis of spot sales from plant inventory.

The exception mentioned above refers to the marketing arrangement of Bunker Hill. For several years about * * * percent of the output of the Bunker Hill refinery has been produced on a toll basis * * *. From 1966 to the end of 1972, the remaining * * * percent of Bunker Hill's output of refined lead was committed, by contract, to NL Industries. NL Industries disposed of this large portion, channeling some to its own plants in other parts of the country and selling the rest to independent customers; thus, Bunker Hill did not engage in the marketing of its product.

* * * * * * *

Effective January 1, 1976, Bunker Hill's agreement with NL Industries was terminated, and Bunker Hill assumed complete control of its primary lead metal sales.

Lead Prices

Sources of lead price information

Some refiners specialize in the production of either primary or secondary lead, but others produce both types. Refiners that produce both types charge the same price for them. In addition, no distinguishing pattern exists between the prices charged by producers of primary lead and those charged by producers of secondary lead. Therefore, the prices discussed in this report apply to both primary and secondary lead metal.

* * * domestic lead refiners, which produced 63 percent of U.S. primary lead and unalloyed secondary lead in 1975, responded to questionnaires with information on prices. Thirteen purchasers of lead reported prices on purchases that represented 43 percent of domestic unmanufactured lead consumption in 1975. Information on U.S. prices was also obtained from Metals Week, which publishes prices obtained through its survey of lead refiners. Two Canadian lead exporters reported prices that were representative of nearly all of the 1975 lead imports from Canada, one Canadian exporter reported prices for 1973 and 1974, and one importer of Canadian lead reported prices for 1973 and 1974. No lead was imported from Australia in 1975, and price information on lead imported from Australia in 1973 and 1974 was reported by an importer.

Lead is customarily sold on a delivered basis, and all lead prices normally include delivery expense.

Prices of domestic and imported lead

The lowest monthly prices reported on questionnaires for domestically produced lead in 1973, 1974, and 1975, rose from $0.137 per pound in January 1973 to $0.238 per pound in January 1975, and then declined to $0.183 per pound at the end of 1975. Prices of imported lead increased from $0.138 per pound in January 1973 to $0.245 per pound in January 1975, and then declined to about $0.19 per pound at the end of 1975.

Three major price movements can be ascertained within the period 1973-75. From January 1973 to July 1973, prices of domestic lead rose 12 percent, while prices of both imported Australian and Canadian lead went up 14 percent. The second movement occurred between January and August 1974, when domestic prices increased 47 percent, and prices of imported Canadian lead rose 52 percent. Finally, the last major movement took place during March through June of 1975, when domestic prices declined 24 percent and prices of imported Canadian lead fell 22 percent.

The tables on the following two pages show prices reported on questionnaires for domestically produced lead and for imported lead. The first table gives the lowest prices for 10 domestic producers as reported by producers and purchasers. The second table gives the lowest monthly selling prices in the United States for lead imported from one Australian producer, two Canadian producers, and one Peruvian producer.

Lowest prices per pound reported by U.S. producers for primary and secondary lead, by months, 1973-75

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Lowest prices per pound reported by Australian, Canadian, and Peruvian producers for primary lead, by months, 1973-75

* * * * * * *

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

For 1973-75, the chart on the following page compares lead prices published in Metals Week with the lowest prices reported for domestic lead and for Australian and Canadian lead that was imported into the United States. It shows that the Metals Week price was always at least 2.5 percent higher than the lowest prices reported for sales by domestic refiners. Throughout 1973 the lowest prices of imported Australian and Canadian lead were closer to the lowest price of domestically produced lead than to the Metals Week price. In 1974, after a finding of dumping was made against Australian and Canadian lead, imports of Australian lead ceased and the lowest price of imported Canadian lead increased, becoming nearer to the Metals Week price than to the lowest price for domestically produced lead. On the chart it can be seen that, for 1973, the line representing the Australian price is nearly coincident with that for the domestic refiner price. The Canadian price line is also very close to the domestic refiner price line for 1973. For 1974 and 1975, the Canadian price line appears almost coincident with the Metals Week price line. Prices for domestic and imported lead appear in the table on the page following the chart.

Imported lead from Canada reached a price that was 5.2 percent under the lowest domestic price in May 1973. Then the price difference between domestic lead and imported Canadian lead changed irregularly until the price of imported lead from Canada was 12.1 percent higher than that of domestic lead in July 1974. In August 1974 the

* * * * * * *

* * * * * * *

* * * * * * *

1/ There were no imports from Australia in 1975.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Note.--Differences shown in this table between the prices of domestic lead and those of lead imported from Australia and Canada are expressed as a proportion of the domestic lead price.

price difference abruptly decreased to a point where the price of imported lead from Canada was only 3 percent above the price of domestic lead, and subsequently the price difference increased irregularly to a point where the price of such imported lead was 9.3 percent above that of domestic lead in November 1975. In December 1975, the difference fell to 3.8 percent.

The relationship of prices, production, Government sales, and imports

The chart on page 44 forms a basis for an examination of the relationship of price to production, imports, and Government sales

of lead. Lead prices began to rise in 1972, stimulated by increasing consumption. Rising lead consumption induced sales of lead from the Government stockpile to increase to an amount greater than that of total lead imports in 1973 and 1974. After lead prices achieved their maximum height during the last half of 1974 and the first half of 1975, declining consumption caused prices to fall during the last half of 1975. Government sales of lead declined precipitously in 1975.

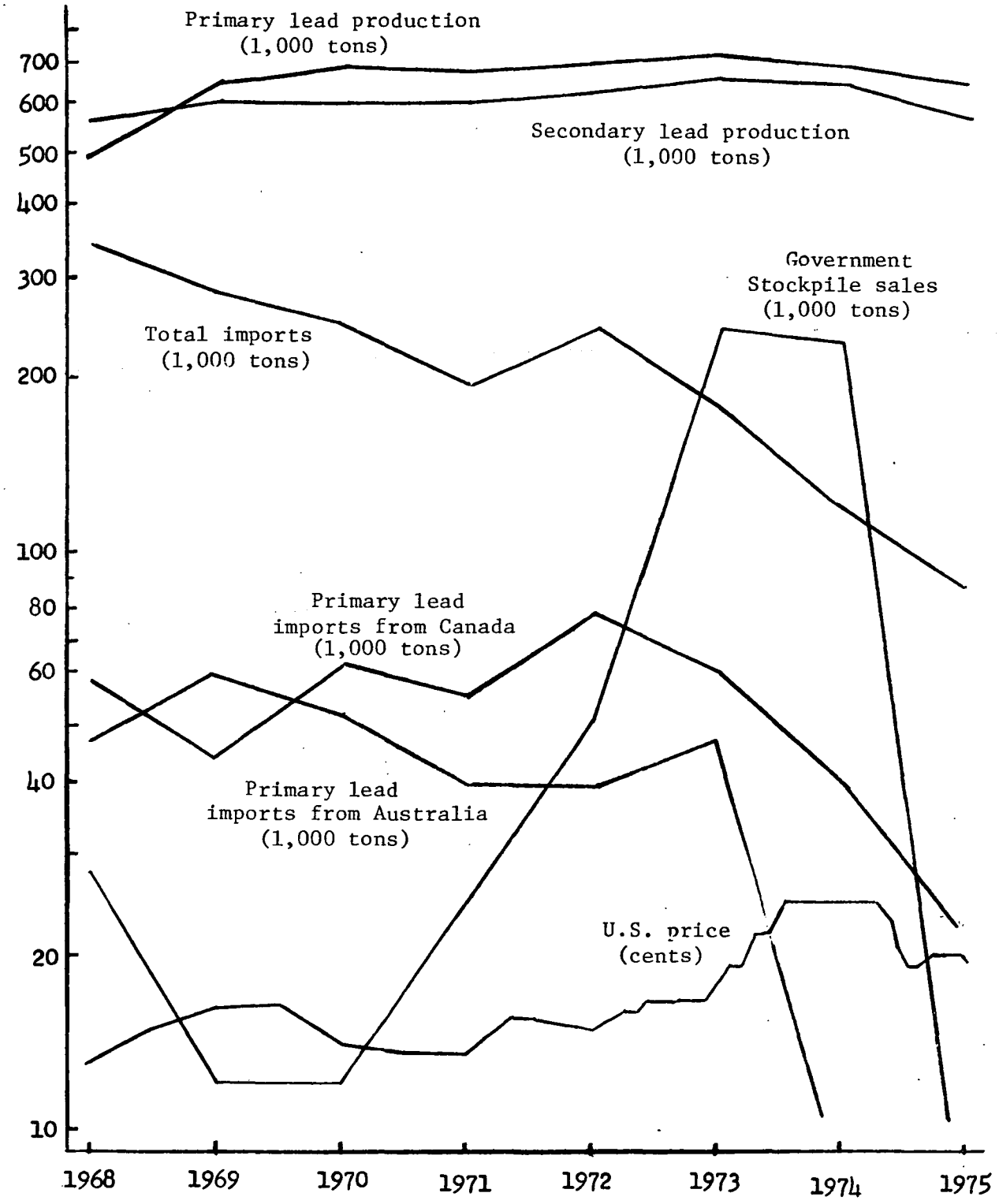
Although total imports of lead declined between 1968 and 1973, imports from Australia and Canada were fairly constant during the period. The finding of dumping against lead imports from Australia and Canada in 1974 was followed by a substantial decline in imports from those countries in 1974 and 1975. This decline in imports, combined with a decline in Government lead sales, provided some protection to the domestic lead industry from the impact of declining lead consumption. As a result, domestic production of primary and secondary lead did not change as greatly as consumption between 1968 and 1975.

The effect on the domestic lead industry of Government lead sales and changing imports was countercyclical. During the 1973-74 economic boom, Government lead sales tempered lead price increases. In 1975, declines in Government sales and in imports of lead reduced the effect of the recession on the domestic industry

Prices and profits

The chart on page 45 shows domestic lead-refining profits for * * * , which together account for * * *

Price and U.S. production, imports, and Governments sales of lead, 1968-75



of primary lead production, and the Metals Week lead price for the 8 years 1968-75. The chart shows that changes in profits and prices were not closely related in 1969, 1970, 1971, and 1972. However, in 1973, 1974, and 1975, the changes in prices and profits were very closely related, since profit changes corresponded directly to price changes.

* * * * * * *

Price increases in 1976

On March 10, 1976, four domestic lead producers announced price increases. Asarco and NL Industries instituted increases that raised the lead price from 19 to 20 cents per pound, while St. Joe and RSR increased their prices from 19 to 21 cents per pound. On March 17, 1976, Asarco and NL Industries, along with the remaining domestic lead producers, increased their prices to 21 cents per pound.

On April 14 and 15, 1976, Amax, St. Joe Minerals, Homestake, Bunker Hill, Cominco-American, RSR Corporation, and NL Industries announced increases that raised their prices to 23 cents per pound. Asarco increased its price from 21 to 22.5 cents per pound. The 4 cents per pound increase in the U.S. prices by all U.S. producers except Asarco represents a 21 percent rise in their prices in less than 6 weeks. Asarco's increase of 3.5 cents per pound represents an 18-percent rise in its price.

In announcing the most recent price increase, a St. Joe press release cited increasing U.S. demand for lead and firmness in London Metal Exchange lead quotations as the reasons for raising its prices.

Lead Industries of Canada and Australia

Lead industry of Canada

The resource base of the Canadian lead industry was the third largest in the world in 1975. The country's proved lead reserves were estimated at 16 million tons in 1975, or 10 percent of the world total; Canada's reserves, however, were equivalent to only 30 percent of the top-ranked reserves of the United States.

Canada's mine output and exports of lead-bearing ores and concentrates in 1970-75 are shown in the following table.

Lead-bearing ores and concentrates: Canadian mine output and exports, 1970-75

(In thousands of short tons)

Item	1970	1971	1972	1973	1974	1975
Mine output	389	406	369	373	336	376
Exports:						
To the United States	41	24	26	23	27	42
Other	125	175	153	190	187	192
Total	166	199	179	213	214	234

Source: Compiled from data presented in publications of the American Bureau of Metal Statistics, Inc.

As shown above, Canada's mine output fluctuated during 1970-75, ranging from 406,000 tons in 1971 to 336,000 tons in 1974. Mine output in 1975 was about 376,000 tons.

Canadian exports of lead-bearing ores and concentrates increased almost steadily from 166,000 tons in 1970 to 234,000 tons in 1975--representing a gain of 41 percent.

The ratio of Canada's exports to mine output of lead-bearing ores and concentrates ranged from 43 to 49 percent during 1970-71 and was 62 and 64 percent respectively in 1974 and 1975.

Lead-bearing ores exported by Canada to the United States were 41,000 tons in 1970 and 42,000 tons in 1975, but dropped to about 25,000 tons in the intervening years. The U.S. share of Canada's ore exports thus decreased from 25 percent in 1970 to 18 percent in 1975. The indicated decline in the relative position of the U.S. market for Canadian ores stemmed primarily from the expansion of ore production in the United States, based on the rich deposits of Missouri's New Lead Belt.

During 1970-75, as shown in the table below, refinery production of primary lead metal in Canada fluctuated from 139,000 tons (in 1974) to 206,000 tons (in 1972 and 1973); production in the years 1972-73 was almost 50 percent above that in 1974. Refinery production in 1975 rebounded by 36 percent from the 1974 low.

Primary refined lead: Canadian production and exports, 1970-75

(In thousands of short tons)

Item	1970	1971	1972	1973	1974	1975
Production	205	186	206	206	139	189
Exports:						
To the United States	57	58	75	53	31	26
To the United Kingdom	56	47	49	55	31	49
Other	40	32	17	17	18	49
Total	153	137	141	125	80	124

Source: Compiled from data presented in publications of the American Bureau of Metal Statistics, Inc.

The bulk of Canada's production of refined primary lead was channeled to export markets. During 1970-75, the ratio of exports to production of such refined lead ranged from about 75 percent at the beginning of the period to 58 percent in 1974 and 66 percent in 1975. Of Canada's total exports, the combined exports to the United States and the United Kingdom made up the largest share, ranging from 74 percent in 1970 to 89 percent in 1972, but dropping to 60 percent in 1975. Its exports to the United States fluctuated moderately during 1970-73, or from 53,000 tons to 75,000 tons, and then declined by about half to 31,000 tons in 1974 and to 26,000 tons in 1975.

Lead industry of Australia

Proved reserves of lead-bearing ores in Australia in 1975 were estimated at 18.5 million tons, about one-third the size of the United States reserves.

Australia's mine output of lead-bearing ores and concentrates during 1970-75 is presented in the following table, along with its exports, including those to the United States and the United Kingdom.

Lead-bearing ores and concentrates: Australian mine output and exports, 1970-75

(In thousands of short tons)

Item	1970	1971	1972	1973	1974	1975
Mine output	503	445	437	444	416	447
Exports:						
To the United States	32	9	21	20	14	11
To the United Kingdom	13	18	-	8	16	-
Other	46	29	22	21	9	9
Total	91	56	43	49	39	20

Source: World Metal Statistics.

As shown above, Australian mine output of lead-bearing ores in 1971 decreased about 12 percent from the 1970 amount and has fluctuated within narrow limits since then.

Australian exports of lead-bearing ores decreased about 78 percent during 1970-75. The ratio of total exports to mine output declined from 18 percent in 1970 to about 10 percent in the following years until 1975, when it dropped to 5 percent. Australian exports of such ores to the

United States, as a share of total exports, varied from 17 percent in 1971 to 55 percent in 1975. Ore exports to the United Kingdom varied from 15 percent of the total in 1970 to 34 percent in 1971, and were nil in 1972 and 1975.

The following tabulation shows the production and exports of lead bullion by the Australian lead industry during 1970-75.

Lead bullion: Australian production and exports, 1970-75

(In thousands of short tons)

Item	1970	1971	1972	1973	1974	1975
Production	188	178	153	165	163	170
Exports:						
To the United Kingdom	158	144	128	136	136	130
Other	24	38	32	24	28	30
Total	182	182	160	160	164	160

Source: World Metal Statistics.

Apparently all of Australia's lead bullion production was earmarked for the export market, with the vast majority (from 79 percent to 87 percent) channeled to the United Kingdom in each period.

Production and exports of primary refined lead metal by the Australian lead industry during 1970-75 are given in the following tabulation.

Primary refined lead metal: 1/ Australian production and exports, 1970-75

(In thousands of short tons)

Item	1970	1971	1972	1973	1974	1975
Production	198	180	198	210	212	170
Exports:						
To the United States	65	34	51	28	3	-
To the United Kingdom	64	60	45	41	45	45
Other	46	46	60	93	105	82
Total	175	140	156	162	153	127

1/ The data include some secondary metal, believed to be a very small part of the total, and the lead content of antimonial lead, ordinarily also a small part of the primary refinery production.

Source: World Metal Statistics.

The export markets took the vast majority (from 72 percent to 88 percent) of the Australian production of refined primary lead metal during each of the periods indicated in the foregoing tabulation. Most of the metal exports went to the United Kingdom and the United States, their combined share declining from 74 percent to 31 percent of the total exports over the period 1970-75. The quantity exported to the United Kingdom has generally been larger than that sent to the United States in the last several years.

Change in duty status of the United Kingdom imports

It has been alleged that the change in duty status of the United Kingdom imports would result in more lead entering the United States.

Formerly, lead-bearing ores, lead bullion, and refined lead metal and alloys entered into the United Kingdom were not subject to any duties and were not subject to any quantitative restrictions. This status has been changed somewhat, however, under the provisions of the United Kingdom's entry into the Common Market. Beginning in 1974 those provisions called for an external duty on refined lead metal and alloys; lead bullion was a dutiable item, but it now enters duty free under an exemption. A preliminary agreement set the duty on refined lead and alloys at 1.8 percent ad valorem as of January 1, 1974, to be increased, in three stages, to 4.5 percent ad valorem effective July 1, 1977. The matter is still under discussion and the duty will probably be finalized at a lower rate. Entry of lead-bearing ores into the United Kingdom continues on a duty-free basis.

The basis for determination of the duties on imports of refined lead metal and alloys also has not been finally decided; instead of being calculated on an ad valorem basis, the duties may be calculated in other terms, such as a flat rate.

Along with the foregoing, the United Kingdom participates in the Common Market provisions for duty-free quotas on lead. The total EEC quota is apportioned among member countries, but the administration of the quotas is left to the discretion of the individual members. Thus, the United Kingdom is able to enter some quantities of lead metal from nonmembers duty free under its quota.

Profit-and-Loss Experience of Domestic Producers

Financial information was received from six producers engaged in lead mining and/or smelting operations. Of these six, three had mining operations in addition to smelting, two had mining operations only, and one company had only smelter operations. Asarco, Inc., shown in the tables on lead-refining also operated a smelter, but was unable to segregate its lead operations from its operations on other products. Two companies, Day Mines, Inc., and Hecla Mining Co., did not furnish the information requested because of the time involved in responding to the questionnaire and because of their relatively small operations. The five companies covered by table 1 in appendix B accounted for approximately 79 percent of the industry producing lead ores and concentrates in 1975. The three smelters accounted for about 70 percent of production in 1975.

Mines and mills

Five companies submitted usable profit-and-loss data on their mining operations and one, St. Joe Minerals, carried all of its sales and costs to its smelter operations and did not show them separately. All companies operated at a profit on both their overall operations and on lead ore and concentrates only. Overall operations of these companies showed an increase in sales in 1974 of $43 million and a decrease in 1975 of $24 million. Net operating profit was $32.4 million in 1973, or 42.6 percent of sales; $61.5 million in 1974, or 51.6 percent of sales; and $38 million in 1975, which amounted to 39.9 percent of sales (table 2).

Sales of lead-bearing ores and concentrates by these firms amounted to $63.8 million in 1973, $96.3 million in 1974, and $71.9 million in 1975. The net operating profit fluctuated in relationship to sales, amounting to $30.3 million in 1973, $53.4 million in 1974, and $33.0 million in 1975. The ratio of net operating profit to net sales was 47.5 percent in 1973, 55.5 percent in 1974, and 45.9 percent in 1975 (table 3).

Smelter and refining operations

Three companies operating smelters submitted profit-and-loss data as requested. One other company mentioned previously operated a smelter, but could not separate its lead operations from its operations on other metals. These firms operated profitably in all years, although their sales and profits rose in 1974 and declined in 1975 in the same manner as the mining and milling operations. Two of the companies processed only lead and the third, The Bunker Hill Co., processed ore other than lead ore. Aggregate sales of all products of the smelters showed an increase to *** million in 1974, up *** million from 1973, then decreased by *** million in 1975. Net operating profit was *** million in 1973, *** million in 1974, and *** million in 1975. The ratio of net operating profit to net sales amounted to 20.6 percent in 1973, 25.9 percent in 1974, and 14.3 percent on 1975 (table 4).

Operations on lead only, showed the same trend as that of all operations. Net sales were *** million in 1973, *** million in 1974, and *** million in 1975. Net operating profit and the ratio of operating profit to net sales were *** million and 22.4 percent in 1973, *** million and 28.2 percent in 1974, and *** million and 16.0 percent in 1975 (table 5).

The Bunker Hill Co., which requested the original investigation in 1973, operated at a profit much smaller than the other companies both on its mining operations and on its smelting operations. This smaller return on smelting was due primarily to the low grade of ore used, resulting in high material costs for the smelter. Material costs amounted to more than *** percent of production expense for their smelting operations. The labor costs, maintenance, and supplies are very high in the mining operations, resulting in a high cost of goods primarily because of older equipment and techniques of mining the ore.

Secondary lead manufacturers

Profit-and-loss information was requested from secondary lead producers, but only one usable questionnaire was received, that from the RSR Corp. This company is one of the two largest, the other being NL Industries, and together they account for the vast majority of secondary lead production. The RSR Corp. operated profitably for the 3 years reported, as shown in the table below.

Net sales, operating profit, and ratio of net operating profit to net sales for the RSR Corp., 1973-75

Year	Net sales	Net operating profit	Ratio of net operating profit to net sales
	1,000 dollars	1,000 dollars	Percent
***	***	***	***
***	***	***	***
***	***	***	***

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producer.

APPENDIX A

TREASURY MEMORANDA RELATING TO DETERMINATION OF LIKELIHOOD OF LTFV SALES FROM AUSTRALIA AND CANADA

A-57 through A-61

* * * * * * *

APPENDIX B
STATISTICAL TABLES

Table 1.--Profit-and-loss experience of 5 U.S. producers of lead-bearing ores and concentrates on total mine and mill operations and on their lead operations only, 1973-75

Item and year	Net sales	Cost of goods sold	Gross profit	Administrative, selling, and general expense	Net operating profit	Ratio of net operating profit to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
All products:						
1973	76,084	39,106	36,978	4,593	32,385	42.6
1974	119,182	52,098	67,084	5,597	61,487	51.6
1975	95,334	52,319	43,015	5,014	38,001	39.9
Lead-bearing ores and concentrates:						
1973	63,771	30,100	33,671	3,363	30,308	47.5
1974	96,313	39,079	57,234	3,792	53,442	55.5
1975	71,923	36,019	35,904	2,879	33,025	45.9

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Table 2.--Lead-bearing ores and concentrates: Profit-and-loss experience of 5 domestic producers on their total mining and milling operations, 1973-75

Year and company	Net sales	Cost of goods sold	Gross profit	Administrative, selling, and general expense	Net operating profit	Ratio of net operating profit to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1973						
Amax, Inc	***	***	***	***	***	***
Asarco, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
Cominco American, Inc	***	***	***	***	***	***
Dresser Minerals	***	***	***	***	***	***
Total	76,084	39,106	36,978	4,593	32,385	42.6
1974						
Amax Inc	***	***	***	***	***	***
Asarco, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
Cominco American, Inc	***	***	***	***	***	***
Dresser Minerals	***	***	***	***	***	***
Total	119,182	52,098	67,084	5,597	61,487	51.6
1975						
Amax. Inc	***	***	***	***	***	***
Asarco, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
Cominco American, Inc	***	***	***	***	***	***
Dresser Minerals	***	***	***	***	***	***
Total	95,334	52,319	43,015	5,014	38,001	39.9

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Table 3.--Lead-bearing ores and concentrates: Profit-and-loss experience of 5 domestic producers on their lead mining and milling operations, 1973-75

Year and company	Net sales	Cost of goods sold	Gross profit	Administrative, selling, and general expense	Net operating profit	Ratio of net operating profit to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1973						
Amax, Inc	***	***	***	***	***	***
Asarco, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
Cominco American, Inc	***	***	***	***	***	***
Dresser Minerals	***	***	***	***	***	***
Total	63,771	30,100	33,671	3,363	30,308	47.5
1974						
Amax, Inc	***	***	***	***	***	***
Asarco, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
Cominco American, Inc	***	***	***	***	***	***
Dresser Minerals	***	***	***	***	***	***
Total	96,313	39,079	57,234	3,792	53,442	55.5
1975						
Amax, Inc	***	***	***	***	***	***
Asarco, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
Cominco American, Inc	***	***	***	***	***	***
Dresser Minerals	***	***	***	***	***	***
Total	71,923	36,019	35,904	2,879	33,025	45.9

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Table 4.--Primary lead metal: Profit-and-loss experience of 3 domestic producers on their total smelter and refinery operations, 1973-75

Year and company	Net sales	Cost of goods sold	Gross profit	Administrative, selling, and general expense	Net operating profit	Ratio of net operating profit to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1973						
Amax, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
St. Joe Minerals	***	***	***	***	***	***
Total	***	***	***	***	***	20.6
1974						
Amax, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
St. Joe Minerals	***	***	***	***	***	***
Total	***	***	***	***	***	25.9
1975						
Amax, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
St. Joe Minerals	***	***	***	***	***	***
Total	***	***	***	***	***	14.3

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

Table 5.--Primary lead metal: Profit-and-loss experience of 3 domestic producers on their lead smelter or refinery operations, 1973-75

Year and company	Net sales	Cost of goods sold	Gross profit	Administrative, selling, and general expense	Net operating profit	Ratio of net operating profit to net sales
	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	1,000 dollars	Percent
1973						
Amax, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
St. Joe Minerals	***	***	***	***	***	***
Total	***	***	***	***	***	22.4
1974						
Amax, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
St. Joe Minerals	***	***	***	***	***	***
Total	***	***	***	***	***	28.2
1975						
Amax, Inc	***	***	***	***	***	***
The Bunker Hill Co	***	***	***	***	***	***
St. Joe Minerals	***	***	***	***	***	***
Total	***	***	***	***	***	16.0

Source: Compiled from data submitted to the U.S. International Trade Commission by the domestic producers.

APPENDIX C
TREASURY LETTERS

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

DEPUTY ASSISTANT SECRETARY

JUL 15 1975

Dear Mr. Chairman:

As you know, extensive discussions have recently taken place between the staff of the International Trade Commission and the Treasury Department, concerning the petition received by Treasury on February 4, 1975, from Hunton, Williams, Gay & Gibson seeking revocation of the dumping finding on primary lead products from Canada and Australia. Those discussions, including my telephone conversation with members of the Commission July 10, principally relate to the nature of price information and analysis required from the Treasury by the Commission for it to undertake a review of its likelihood of injury determination in that case. I can assure you that the Treasury appreciates the desire of the Commission to have before it the most current information and analysis available given the recent price movements in the lead market.

In order to provide the Commission with the pricing information and analysis it needs, and to establish a sound basis for a review of the petition first forwarded to the Commission by Mr. Macdonald's letter of April 12, I believe it would be appropriate to provide updated foreign market and export price information to the Commission. Along with that information, we would furnish judgment as to what that data reveals as to the likelihood that sales at less than fair value would have occurred in the absence of an outstanding dumping finding.

It is my intention, should Treasury have before it the question of pricing during the most recent past, to proceed as follows:

In the case of the Canadian sales, information will be sought which extends beyond the data through December 1974 contained in the Customs' materials already forwarded to the Commission;

In addition, although we are not certain that the results of our inquiry will be of meaningful assistance to you, we will inquire from exporters and the original petitioner as to what Canadian export and home market prices would have been had no dumping finding been in effect;

In the case of Australia, since no exports have occurred subsequent to the dumping finding, we will seek an indication from the exporter and the original petitioner as to what price it would have sold at, for export to the United States, given the market conditions in recent months, had no dumping finding been outstanding;

We will also seek current Australian home market prices. These prices would be adjusted, employing the methodology established under the original dumping finding;

Based on this data, and upon any other information developed or procedures utilized that we, in our discretion, may believe appropriate, we would state our conclusions as to what margins or range of margins, if any, would have been present had the dumping finding not been in effect.

It has been suggested that Treasury gather export prices of primary lead metal from Canada and Australia to third country markets. Under the circumstances we do not believe this information would be appropriate for purposes of our review of pricing practices with regard to the U.S. market.

If you are in accord, the Customs files should be returned to Treasury so that our review can begin. In that event the Commission may wish to consider withdrawing its notice of hearing scheduled for July 22, 1975. The calculations and price comparisons performed with the data received along with the complete Customs file will be forwarded to the Commission in an appropriate fashion, and would supersede previous Treasury communications on the petition for revocation.

This letter is being sent over my signature because Assistant Secretary Macdonald has, after April 12, disqualified himself from this case. I have discussed the general principles involved with him and he is in agreement with these principles.

Sincerely yours,

Peter O. Suchman
Deputy Assistant Secretary
(Tariff Affairs)

The Honorable Will E. Leonard, Jr.
Chairman
U.S. International Trade Commission
8th and E Streets, N.W.
Washington, D.C. 20436

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

DEPUTY ASSISTANT SECRETARY

Dear Mr. Chairman:

As you recall, on April 9, 1975, the Treasury Department forwarded to the U.S. International Trade Commission a petition which solely on injury grounds requested revocation of the dumping findings on primary lead metal from Australia and Canada (T.D. 74-127 and T.D. 74-128). On July 15, and pursuant to discussions with the Commission, I forwarded to the U.S.I.T.C. a letter which described the procedures Treasury was willing to undertake to obtain the pricing information that the Commission felt was necessary to reconsider the injury determinations. In response to my letter the Commission returned the Customs file to Treasury and cancelled a scheduled hearing on the matter.

We have received, to the extent possible, the pricing information requested by the Commission. After analysis, we are again forwarding the case to the Commission for such review as it deems appropriate. We are simultaneously forwarding this letter to the FEDERAL REGISTER for publication.

One Canadian exporter submitted data through July, 1975, while the other exporter presented data through September, 1975. For one Australian firm, information was presented through August, 1975. These data appear to indicate that had the dumping findings not been in effect, export prices to the United States would have been at the prevailing U.S. price. In fact, actual Canadian sales in the U.S. have been at such prices. There have been no lead imports from Australia since the dumping finding.

Canadian home market prices through the first three quarters of 1975 have been slightly lower than U.S. prices. Representatives of the Canadian firms, however, have asserted that absent the dumping finding, the Canadian home market price would have been roughly equivalent to the U.S. price. On the other hand, representatives of the petitioner have asserted that without the finding of

dumping, the prevailing U.S. price would have fallen to the Canadian level. Accordingly, regardless of which assertion actually would have resulted, technically sales at less than fair value would have existed when the statutorily required deductions for transportation costs and U.S. duties were made to export prices to the U.S. Although, we certainly cannot be precise in a hypothetical estimation of what LTFV margins might have been, from the information submitted, it appears that LTFV margins on Canadian sales would have been in the range of 5-10 percent.

With respect to Australia, we would estimate that LTFV margins of roughly 2.5 to 10 percent might have occurred. Again, the margins would appear to be caused technically due to the deduction of transportation costs and duties required by statute.

During Treasury's fair value investigation which covered the latter portion of 1972 and the first quarter of 1973, the weighted average LTFV margin was 14 percent.

Enclosed for the Commission's use is the information received as the result of our inquiries, as well as the Custom's case file. Since some of the data enclosed is regarded to be of a confidential nature, the Commission is requested to consider all information contained therein for its official use, and not to be disclosed to others without prior clearance by the U.S. Treasury Department.

Sincerely yours,

Peter O. Suchman
Deputy Assistant Secretary
(Tariff Affairs)

The Honorable
Will E. Leonard, Chairman
United States International
Trade Commission
Washington, D.C. 20436

Enclosures

Library Cataloging Data

U.S. International Trade Commission.
Primary lead metal from Australia and Canada. Determination of no likelihood of injury in investigation nos. AA1921-134A and 135A under the Antidumping act, 1921, as amended, together with the information obtained in the investigations. Washington, 1976.

16, A1-73 p. 27 cm. (USITC Pub. 772)

1. Lead--Australia. 2. Lead--Canada.
3. Lead--U.S.
I. Title.

UNITED STATES
INTERNATIONAL TRADE COMMISSION
WASHINGTON, D.C. 20436

OFFICIAL BUSINESS

ADDRESS CORRECTION REQUESTED

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, $300

ADDRESS CHANGE
☐ Remove from List
☐ Change as Shown
Please detach address label and mail to address shown above.