UNITED STATES TARIFF COMMISSION
Washington, D.C.

/TEA-W-1/

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TARIFF COMMISSION REPORTS TO THE PRESIDENT ON
ZINC WORKERS' PETITION FOR ADJUSTMENT ASSISTANCE

The Tariff Commission today reported to the President the results of its investigation No. TEA-W-1, conducted under section 301(c)(2) of the Trade Expansion Act of 1962. The investigation was made in response to a workers' petition for determination of eligibility to apply for adjustment assistance. The petition was filed with the Commission on January 9, 1963, by the International Union of Mine, Mill and Smelter Workers on behalf of a group of 126 workers of the zinc mine and mill at Hanover, N. Mex., owned and operated by The New Jersey Zinc Co. These workers were laid off when production operations at the mine and mill ceased on December 1, 1962. The whole of the Commission's report cannot be made public, since it contains much data received in confidence, such as that pertaining to the operations of an individual concern. However, the following excerpts from that report give the Commission's finding and summarize the principal considerations in support of the finding:

> On the basis of its investigation the Commission unanimously finds that unmanufactured zinc 1/ is not, as a result in major part of concessions granted under trade agreements, being imported in such increased quantities as to cause the unemployment of a significant number or proportion of the workers at the zinc mine and mill of The New Jersey Zinc Co. at Hanover, N. Mex.

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1/ The term "unmanufactured zinc" refers to zinc-bearing ores; zinc in blocks, pigs, or slabs; old and worn-out zinc; and zinc dross and zinc skimmings. These articles are provided for in pars. 393 and 394 of the Tariff Act of 1930.

Before the Commission can make an affirmative finding under section 301(c)(2) of the Trade Expansion Act of 1962, it must determine (1) that the imports in question are entering the United States in increased quantities; (2) that the increased imports are due "in major part" to trade-agreement concessions; and (3) that such increased imports are "the major factor" in causing, or threatening to cause, unemployment or underemployment of a significant number of the workers of the firm or subdivision of the firm in question.

In the instant case, the Commission determined that unmanufactured zinc is not being imported in increased quantities. Commercial imports for consumption 1/ of unmanufactured zinc have not increased since 1958 * * * . Such imports have been prevented from rising since October 1, 1958, as a result of the imposition of absolute quarterly quotas equal, on an annual basis, to 80 percent of the average annual imports during the years 1953-57. 2/ Annual commercial imports during 1953-57 averaged 651,300 tons. The import quota, on an annual basis, was established at 520,960 tons * * * . In the last 4 years, 1959-62, actual commercial imports averaged 501,406 tons per year, or 23 percent less than the rate during 1953-57. The average annual commercial imports during 1959-62 also were considerably smaller (by 22 percent) than the average for the preceding 7 years, 1952-58.

The absolute import quotas reduced the flow of imports below the rate that had prevailed (under the trade-agreement concessions) for a period of about 7 years prior to the imposition of the quotas. The Commission therefore finds that unmanufactured zinc is not "being imported in increased quantities," within the meaning of the statute. The petitioners' contrary claim rests on the ground that the average annual imports were much higher in 1959-62 than in 1946-50--a decade and a half ago. Even if the Commission accepted the petitioners' claim, it could not agree that the alleged increase in imports occurred "as a result in major part of concessions granted under trade agreements" inasmuch as the concessions have been largely or completely offset by the absolute quotas imposed on imports of zinc.

1/ The term "commercial imports for consumption" refers to direct entries for consumption plus withdrawals from bonded warehouses for consumption, exclusive of imports for U.S. Government account and exclusive of imports free of duty under bond for smelting, refining, and export.

2/ The quotas were established on a quarterly basis by Presidential Proclamation No. 3257 following an escape-clause investigation by the Tariff Commission under section 7 of the Trade Agreements Extension Act of 1951, as amended. The years 1953 through 1957 were used as a base period by the three Commissioners who had recommended the imposition of quotas and also by the President.

In filing the petition in this case the workers were seeking a determination of eligibility to apply for adjustment assistance under chapter 3 of the Trade Expansion Act. Among other things, chapter 3 provides for trade readjustment allowances to be paid to "adversely affected" workers. In the report of the Committee on Ways and Means of the House of Representatives on H.R. 11970 (which, after various amendments, ultimately became the Trade Expansion Act of 1962), the provisions of the bill relating to adjustment assistance to workers are discussed. On page 30 of the report it is stated:

> Your committee believes that the scale of trade adjustment allowances /for workers/ is appropriate in view of the fact that the finding that the unemployment was caused by increased imports resulting from the removal, in whole or in part, of tariff protection implies that continuation of the prior tariff would have provided full job protection. This worker assistance is, therefore, in the nature of an adjustment to conditions brought about by removal of prior job protection * * *.
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> /Emphasis added/

Thus the Committee defined the "concession" as meaning "the removal, in whole or in part, of tariff protection."

The tariff protection that was "removed" by trade-agreement concessions on unmanufactured zinc consisted of the removal of part of the duties originally established for such zinc under the Tariff Act of 1930. The changes in the rates of duty since the Act of 1930 are summarized below * * *:

Item	Zinc-bearing ores	Zinc blocks, pigs, or slabs	Zinc scrap, dross, and skimmings
	Cents per lb. on zinc content	Cents per lb. gross weight	Cents per lb. gross weight
Effective date:			
June 18, 1930	1.5	1.75	1.5
Jan. 1, 1939	1.2	1.4	
Jan. 30, 1943 1/	.75	.875	.75
Jan. 1, 1948 1/	.75	.875	.75
June 6, 1951	.6	.7	
Total rate reduction since June 18, 1930	.9	1.05	.75

1/ The trade agreement with Mexico, which became effective Jan. 30, 1943, was terminated Jan. 1, 1951. The duties did not change as a result of the termination, however, because the same rates established by the agreement with Mexico were provided for, effective Jan. 1, 1948, in the General Agreement on Tariffs and Trade.

As reported above, the first concessions on unmanufactured zinc became effective on January 1, 1939, and the most recent ones became effective on June 6, 1951. The rates shown above were the only import restrictions imposed on unmanufactured zinc until the quotas were imposed. The increased protection afforded the domestic zinc industry by the subsequent imposition of the import quotas offsets in the main, if not entirely, the reduced protection that had resulted from the trade-agreement concessions. It is clear that the "remnant" of the original trade-agreement concessions after modification by the import quotas could not contribute in major part to the alleged increased imports.

In the course of its investigation, the Commission obtained considerable evidence to indicate that even if it could regard imports of unmanufactured zinc as entering in increased quantities, it could not find that the claimed increase was the major factor leading to the recent closure of the Hanover mine and mill.

The Commission's report then summarizes the evidence in support of that position, and concludes with the following observation:

In view of the considerations set forth above, it appears that the closing of the Hanover mine and mill was based primarily on ordinary business considerations. While competition from imports was no doubt a factor in the decision, it was not the major factor. In any event, since the level of imports has been stable for the past 4 years (and may be expected to remain so in the absence of change in the tariffs and absolute quotas applicable thereto), increased imports could not have been the major factor that caused The New Jersey Zinc Co. to close the Hanover mine and mill.