



Economic Sanctions against Rhodesia

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Economic Sanctions against Rhodesia

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ECONOMIC SANCTIONS AGAINST RHODESIA

HEARINGS
BEFORE THE
SUBCOMMITTEE ON INTERNATIONAL
ORGANIZATIONS AND MOVEMENTS
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
NINETY-SECOND CONGRESS
FIRST SESSION
ON
**H.J. Res. 172; H. Con. Res. 5, 6, 12;
H. Res. 45; and H.R. 5445**

JUNE 17 AND 22, 1971

Printed for the use of the Committee on Foreign Affairs



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ECONOMIC SANCTIONS AGAINST RHODESIA

THURSDAY, JUNE 17, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON INTERNATIONAL
ORGANIZATIONS AND MOVEMENTS,
Washington, D.C.

The subcommittee met pursuant to call, at 2 p.m. in room H-227, the Capitol, Hon. Donald M. Fraser (chairman of the subcommittee) presiding.

Mr. FRASER. The subcommittee will come to order.

The purpose of today's hearing is to take testimony on current legislation and resolutions relating to economic and political sanctions against Rhodesia.

We are honored to have joining our panel the distinguished chairman of the Subcommittee on Africa, the Honorable Charles C. Diggs, Jr.

Congressman Diggs' subcommittee conducted hearings on the subject of U.S. policy toward Rhodesia during the first session of the 91st Congress in October and November of 1969.

It is that policy and, more specifically, our Nation's participation in the United Nations program of sanctions against the regime of Ian Smith which have elicited the legislation and resolutions referred to this subcommittee.

Before we hear from our witnesses, I think that it would be useful to describe briefly the nature of the legislation in question.

The bills introduced in this Congress fall into five general categories.

In the first category are the joint resolutions which would (1) direct the President to notify the U.N. that the United States will no longer honor U.N. sanctions against Rhodesia; and (2) rescind the Executive orders which set forth prohibitions against imports from and exports to Rhodesia—H.J. Res. 172.

Secondly, there are concurrent resolutions which would express the sense of Congress that the United States should cease its role in the program of sanctions, resume normal trade relations with Rhodesia, and grant that government full diplomatic recognition—H. Con. Res. 5, 6, and 12.

The third category of resolutions simply state that the President should take the necessary steps to bring about the revocation of U.N. sanctions against Rhodesia—H. Con. Res. 6 and 12.

The fourth category of resolutions departs from the general intent of the others by affirming the House of Representatives' support of U.S. participation in the program of U.N. sanctions and affirms House support for the principle of majority rule in Rhodesia—House Resolution 45.

In the final category is a group of bills which would amend the United Nations Participation Act of 1945 so as to prevent the prohibition of imports into the United States of any strategic material from any free world country so long as the importation of like materail from any Communist country is not prohibited by law—H.R. 5445.

Companion legislation, S. 1404, has been introduced in the other body by Senator Harry Byrd.

Without objection, the texts of these bills and resolutions together with the departmental reports will be entered into the record at this point.

(The bills, resolutions and departmental reports referred to follow:)

[H.J. Res. 172, 92d Cong., first sess.]

JOINT RESOLUTION To provide for the resumption of trade with Rhodesia

Whereas the United Nations has acted illegally and in contravention of chapter 1 of its own charter, which prohibits interference in the domestic affairs of sovereign nations, in ordering economic sanctions against Rhodesia; and

Whereas the United States is involved in a bloody and interminable war in Vietnam against an enemy that is being supplied by Great Britain, which has refused our requests that it cease doing business with the enemy that is killing American boys every day; and

Whereas the United States has never sought economic sanctions from the United Nations against its enemy in Vietnam, and Rhodesia has refrained from engaging in trade with North Vietnam; and

Whereas United States trade with Rhodesia is in the best interests of this Nation, particularly in view of the fact that such trade in the past has been two to one in our favor; and

Whereas the Rhodesian Declaration of Independence is in the same honored tradition as our own such Declaration, and deserves the full support of every American who is proud of our great national heritage; and

Whereas the continuation of the United Nations illegal sanctions can lead only to a bloody struggle in southern Africa from which our enemies alone can benefit; and

Whereas the Congress of the United States is vested with sole authority to regulate foreign commerce under article I, section 8, paragraph 3 of the Constitution, while the only authority delegated by Congress to the executive branch to restrict trade concerns the control of trading with the enemy; and

Whereas the executive branch of the United States Government has undertaken to honor the illegal United Nations sanctions without seeking the advice and consent of the Congress; and

Whereas the United Nations sanctions against Rhodesia, in addition to being illegal under the Charter of the United Nations and in contravention of the United States Constitution, since they have not been approved by the United States Congress, are clearly against the best interests of the United States of America: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and directed to notify the United Nations and all other interested parties that the United States will not honor the United Nations sanctions against Rhodesia.

SEC. 2. The provisions of Executive Order Numbered 11322, of January 5, 1967, relating to prohibitions against imports of certain commodities from Rhodesia, are hereby rescinded. All orders, regulations, and other directives and all decisions promulgated or made under such Executive Order Numbered 11322 are hereby rescinded.

SEC. 3. All Executive orders, Presidential proclamations, or other orders, regulations, or directives promulgated or made under the authority of the Export Control Act of 1949, which relate to the export of commodities to Rhodesia, are hereby rescinded.

[H. Con. Res. 5, 92d Cong., first sess.]

CONCURRENT RESOLUTION

Whereas the constitutionally elected Government of Rhodesia, with the full support of the Council of Chiefs, declared Rhodesia's independence on November 11, 1965; and

Whereas on November 11, 1969, the Government of Rhodesia observed its fourth anniversary of continuous, effective, and peaceful control over its legal territory and population; and

Whereas Rhodesia has shown continuous economic growth and stability during almost five years while being subjected to unprecedented economic sanctions; and

Whereas the Government of Rhodesia has clearly established itself as the de jure sovereign over the legal territory and population of Rhodesia; and

Whereas Rhodesia is not hostile to the United States nor an enemy of the United States either under international law or under the laws of the United States, but rather has established a tradition of warm friendship between the people of Rhodesia and the people of the United States as evidenced by the fact that Rhodesia has fought beside the United States through two wars and the fact that there have been no wanton acts of violence against American lives or property; and

Whereas United States citizens continue to be warmly welcomed in Rhodesia as would our Government representatives; and

Whereas Rhodesia is one of the very few countries in Africa which pays her own way and receives no United States aid and that trade between our two countries before sanctions had been running two to one in our favor, all on a commercial basis with no subsidies, thereby assisting our balance of payments; and

Whereas, according to the Constitution (article I, section 8, paragraph 3), only the Congress has power to regulate commerce with foreign nations and the Executive has no legal authority to block trade except under laws which control with the enemy; and

Whereas the United States Government, without any authority from the Congress or the American people, has adopted and encouraged a stringent policy of economic sanctions and has broken all diplomatic and consular contacts with Rhodesia; and

Whereas these sanctions have caused the United States to lose a major source of high grade metallurgical chromite ore which is militarily and industrially vital to the security of the United States; and

Whereas the United States has become almost wholly dependent on the Soviet Union for its supply of this high grade metallurgical chromite ore; and

Whereas the United States and firms doing business therein are forced to purchase high grade metallurgical chromite ore from the Soviet Union at prices ranging as high as 100 per centum greater than that at which high grade metallurgical chromite ore produced in Rhodesia can be purchased; and

Whereas United States citizens have extensive commercial interests in Rhodesia which have been severely damaged by the arbitrary application of economic sanctions; and

Whereas such United States citizens have even been prevented from performance of valid contracts and other legal and moral obligations, to their present and future great loss; and

Whereas the economic sanctions have deprived Africans in Rhodesia and from neighboring countries of employment in occupations directly affected by the sanctions: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the United States Government immediately cease its inhumane, imprudent, and economically and militarily disastrous policy of economic sanctions against Rhodesia; take necessary steps to restore normal trading relations; and accord full recognition and all diplomatic and consular rights attached thereto to the legal Government of Rhodesia.

[H. Con. Res. 6, 92d Cong., first sess.]

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the President, acting through the United States delegation to the United Nations, should take such steps as may be necessary to bring about the revocation of the United Nations economic sanctions against Southern Rhodesia.

[H. Con. Res. 12, 92d Cong., first sess.]

CONCURRENT RESOLUTION

Whereas the overthrow of the Government of Rhodesia could result in chaos similar to that which occurred in the Congo; and

Whereas the dispute between the Government of Great Britain and the Government of Rhodesia is essentially an internal matter in which neither the United Nations nor the Government of the United States should interfere; and

Whereas article I, section 8, paragraph 3 of the Constitution of the United States vests in the Congress authority to regulate commerce with foreign nations: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the President should take such steps as may be necessary to notify the United Nations and all interested parties that the United States will not honor the United Nations sanctions against Rhodesia and that the President should take such further steps as may be necessary to rescind all orders, regulations, or other directives heretofore issued in connection with the implementation of the United Nations sanctions against Rhodesia.

[H. Res. 45, 92d Cong. first sess.]

RESOLUTION

Whereas the President of the United States has said, "As a basic part of our national tradition we support self-determination and an orderly transition to majority rule in every quarter of the globe. These principles . . . guide our policy today toward Rhodesia"; and

Whereas the Security Council of the United Nations on December 16, 1966, having voted without dissent to apply economic sanctions against the present minority regime in Rhodesia; and

Whereas the United States supported this action in the Security Council and the President promulgated Executive Order No. 11322 to initiate United States participation in the United Nations sanctions; and

Whereas the success of the sanctions program would greatly enhance the future effectiveness of the United Nations in the maintenance of international peace and security: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives—

(1) that it affirms its support for United States participation in the program of sanctions voted by the Security Council of the United Nations; and

(2) that it affirms its support for the principle of majority rule by all the people of Rhodesia.

[H.R. 5445, 92d Cong., first sess.]

A BILL To amend the United Nations Participation Act of 1945 to prevent the imposition thereunder of any prohibition on the importation into the United States of any strategic and critical material from any free world country for so long as the importation of like material from any Communist country is not prohibited by law

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(a) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(a)) is amended by adding at the end thereof the following new sentence: "On or after the effective date of this sentence, the President may not prohibit or regulate the importation into the United States (or continue any such prohibition or regulation which may be in effect on such date) pursuant to this section of any material determined to be

strategic and critical pursuant to section 2 of the Strategic and Critical Material Stock Piling Act (50 U.S.C. 98a), which is the product of any foreign country or area not listed as a Communist-dominated country or area in general headnote 3(d) of the Tariff Schedules of the United States (19 U.S.C. 1202) for so long as the importation into the United States of material of that kind which is the product of such Communist-dominated countries or areas is not prohibited by or pursuant to any provision of law."

[S. 1404, 92d Cong., first sess.]

A BILL To amend the United Nations Participation Act of 1945 to prevent the imposition thereunder of any prohibition on the importation into the United States of any strategic and critical material from any free world country for so long as the importation of like material from any Communist country is not prohibited by law

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5(a) of the United Nations Participation Act of 1945 (22 U.S.C. 287c(a)) is amended by adding at the end thereof the following new sentence: "On or after the effective date of this sentence, the President may not prohibit or regulate the importation into the United States pursuant to this section of any material determined to be strategic and critical pursuant to section 2 of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98a), which is the product of any foreign country or area not listed as a Communist-dominated country or area in general headnote 3(d) of the Tariff Schedules of the United States (19 U.S.C. 1202), for so long as the importation into the United States of material of that kind which is the product of such Communist-dominated countries or areas is not prohibited by any provision of law."

[Text of report from Department of State on H.J. Res.172; H. Con. Res. 5, 6, and 12; and H. Res. 45]

DEPARTMENT OF STATE,
Washington, D.C., June 17, 1971.

HON. THOMAS E. MORGAN,
Chairman, Committee on Foreign Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The Secretary has asked me to reply to your request of April 29 for the Department of State's comments on House Joint Resolution 172, House Concurrent Resolutions 5, 6 and 12, and House Resolution 45, all submitted on January 22, 1971.

H. Res. 45 supports U.S. participation in the United Nations mandatory sanctions program on Rhodesia. As this resolution thus affirms present policy as most recently stated by the President and Secretary of State in their respective foreign policy reports to the Congress this year, the Department of State is in favor of it.

The Department opposes H.J. Res. 172 and H. Con. Res. 6 and 12, which call for an end to economic sanctions against Rhodesia, and H. Con. Res. 5, which in addition proposes the resumption of normal trading relations with Rhodesia, and full recognition of the Rhodesian regime. The operative paragraphs of these resolutions conflict with U.S. policy, and we believe that their preambular paragraphs contain statements of fact and law which are inaccurate or misleading.

If the U.S. Government were to act as recommended by these resolutions, the U.S. would be in violation of international treaty obligations which it has freely undertaken. The U.S. has obligated itself in Article 25 of the UN Charter, "to accept and carry out the decisions of the Security Council." We voted for the resolutions in 1966 and 1968 by which the Security Council decided upon mandatory sanctions against Southern Rhodesia and for a Security Council resolution in 1970 which reaffirmed the earlier resolutions and called for more stringent enforcement of the program. In his Foreign Policy Report to the Congress on February 25, 1971, President Nixon stated that the U.S. supports the sanctions program as well as measures which could ensure more universal compliance with that program.

H.J. Res. 172 states that "the Congress of the U.S. is vested with sole authority to regulate foreign commerce under Article I, section 8, paragraph 3 of the Constitution, while the only authority delegated by the Congress to the Executive Branch to restrict trade concerns the control of trading with the enemy . . ." This point is also made in H. Con. Res. 5 and 12. In fact, however, Congress has,

in the UN Participation Act of 1945, empowered the President to take actions such as that implementing Rhodesian sanctions. Section 5(a) of the Act, as amended (59 Stat. 619), authorizes the President "to regulate or prohibit . . . economic relations" when the U.S. is called upon to apply mandatory sanctions under Article 41 of the UN Charter. This authority was cited in the Executive Orders which implemented Rhodesian Sanctions.

If sanctions are imposed under Chapter VII of the Charter, all Members of the United Nations are obligated by Article 25 of the Charter to comply with the Security Council decision imposing the sanctions. In the Senate Foreign Relations Committee Report on the United Nations Participation Act, the Committee said:

"The committee realizes that the powers proposed to be granted to the President under [section 5] . . . are very great. However, the basic decision in this regard was made when the Charter was ratified and this provision is simply a necessary corollary to our membership in this Organization. The Committee also believes that the Security Council must be placed in the most effective position possible to act under Article 41 since the prompt and effective application of economic and diplomatic sanctions by all the United Nations (or even the threat or possibility thereof) may avoid the necessity for the use of the armed forces available to the Security Council.

"The better prepared this country is to participate promptly in action of this kind, the more effective will be the Security Council and the more hope there will be that the United Nations may serve its major purpose, namely, the prevention of armed conflict."

The Department of State is concerned that any limitation of the authority of the President to carry out mandatory sanctions decided by the Security Council would decrease the effectiveness of the United Nations and might at some point result in the United States being unable to satisfy its treaty obligations. In this connection, it should be noted that the President is also empowered by the Export Administration Act of 1969 (and was empowered formerly by the Export Control Act of 1949) to prohibit or curtail U.S. exports "to the extent necessary . . . to fulfill [the] international obligations" of the U.S.

H. J. Res. 172 states that the United Kingdom supplies our enemy in Vietnam and "has refused our request that it cease doing business with the enemy that is killing American boys every day. . ." In fact, virtually all external assistance to North Vietnam comes from the Soviet Union and Communist China. In the past four years only one British-owned vessel has visited North Vietnam and the British Government has acted to prevent any reoccurrences. The other British flag vessels that have called at North Vietnamese ports are controlled by Chinese Communist interests and registered in Hong Kong.

The British Government is seriously concerned about the use of its flag in this traffic and has succeeded in confining it, for all practical purposes, to vessels based in Hong Kong. The UK maintains that legal and political considerations involving its position in Hong Kong restrict its ability to deal with the matter there. Even so, the effectiveness of British efforts is evident in the decline in the number of vessels operating out of Hong Kong to North Vietnam under the British flag—114 in 1968, 74 in 1969, and 40 in 1970.

In several other respects, the preambular paragraphs of these resolutions state premises which are not consistent with the official attitude of the U.S. toward the white-ruled regimes of southern Africa and with U.S. policy in the area. First of all, as the President stated in his Report to the Congress in February: "Both our statements and actions have, or should have made it patently clear to all concerned that racism is abhorrent to the American people, to my Administration, and to me personally. We cannot be indifferent to apartheid. Nor can we ignore the tensions created in Africa by the denial of political self-determination. We shall do what we can to foster equal opportunity and free political expression instead. We shall do so on both moral and practical grounds, for in our view there is no other solution."

The U.S. voted as it did in the United Nations Security Council in 1966 and 1968 in part because the regime in Rhodesia was adopting measures designed to deny an effective voice to the African majority in the determination of Rhodesia's future. These measures were expanded in 1970 with the regime's unilateral introduction of a new constitution institutionalizing white minority control and racial discrimination. Contrary to the view expressed in H.J. Res. 172, the peaceful measures taken by the UN are designed to forestall bloody struggle in southern Africa, not promote it. We are concerned that the present tensions arising from the denial of majority rule in Rhodesia could lead to serious violence there, a situation which could be exploited by communist states seeking to increase their presence and influence in the area.

For this reason, we strongly supported the Boggs amendment establishing a Materials Policy Commission so that we, as a Nation, could start officially addressing ourselves to the long-range problems of critical material shortages and hopefully adopt laws and enunciate policies that will protect and provide for the Nation's future material needs. House Resolution 5445 is in harmony with the purpose of that commission in that it would be established to prevent the unilateral action of one segment of government from interrupting the flow of vital and strategic material to our shores regardless of how meritorious the intent of such action may be. It reduces the danger of unwise and unnecessary injury to this country while not preventing support of the issues involved.

It already has been said in these hearings that the Rhodesian sanctions and their effect on the chrome situation are a perfect case in point. As a major consumer of chrome, we are quite familiar with the effects of those sanctions on the economy of the United States, the specialty steel industry, and its employees.

I will not go into the importance of chrome but I will add this. By definition stainless steel is an alloy of iron containing a minimum of 11 percent chrome, so stainless steel by definition cannot be made without chromium and stainless steel goes into many things such as, aerospace, ecology. What does chrome impart? The sole purpose, corrosion resistance. Take anywhere you want corrosion resistance and try to do it without chrome. We can substitute for just about everything else if we have to, nickel, tungsten, all of these are important and impart certain properties but not corrosion resistance, which is chrome.

Thus, gentlemen, when we speak of alloying elements—and chrome of course is an important one of these—we are talking about no ordinary commodity. It goes to the root of our industrial civilization.

Nearly 70 percent of the world's known chrome reserves are found in Rhodesia. Prior to sanctions, Rhodesia was our largest supplier of metallurgical, high-grade ore. Due to the sanctions, this has diminished to zero, with the main benefactor of this attractive and profitable volume of business being the Soviet Union. In fact, according to the United States Bureau of Mines' data, in 1970, of the 363,840 short tons of chromium contained in ore, with a chrome content of 46 percent or better, 224,877 short tons, or better than 60 percent were imported from the Soviet Union.

In spite of the fact that the world price of chrome ore had dropped from 1956 through 1966, the Russians, acting in a highly "capitalistic" manner, increased their price to us more than 100 percent since the sanctions were imposed. As evidence of the fact that this rise is substantially greater than inflation during this period of time, when one examines the years 1967 through 1970, we cite the following cost increases which were incurred for various commodities consumed by the still industry: Grinding wheels, 21 percent; graphite electrodes, 14 percent; refractories, 20 percent; bearings, 15 percent; ingot molds, 16 percent; mill rolls, 16 percent; coke, 50 percent; fuel oil, 31 percent; manganese ore, -15 percent; 75 percent ferrosilicon, 19 percent; vanadium, 42 percent; APT tungsten, 57 percent; nickel, 56 percent.

But now, looking at the impact of the rise in chrome ore prices during this time, we see ferrochrome silicon up 80 percent and high

carbon ferrochrome up 67 percent. In fact, if we examine attachment 4, the dotted line shows the price rise of silicon in ferrochrome silicon over the past 4 years, and the solid line shows the rise in the cost of chrome contained in this product over the same period of time.

You can see what happened to silicon prices during the sanctions. You can see what happened to chrome prices during the sanction.

The same product made by the same people, paying the same taxes.

The situation would undoubtedly have been a great deal worse had it not been for sizable disposals from the Federal Government stockpile during this time. It is estimated that, during 1969, 31 percent of the metallurgical chrome consumed in this country came from the stockpile, and something over 20 percent in 1970. In order to provide this material to industry, the OEP has seen fit to continually drop the stockpile objectives thus making material available. This action is deemed by some Members of the Congress as being unwise because of chrome's strategic importance and the zero production in the United States.

Over 900,000 tons of material have been sold out of the stockpile since 1966. However, the availability of high-grade stockpile chrome ore from this source will some day run out; therefore, we must not count upon this as a long-range answer to our problems.

It is interesting, the stainless steel industry came to Washington and asked the Government to take one million and a half pounds of chrome out of the stockpile and make it available to domestic industry at a shelf price with some escalator cost to take care of inflation so the Government would not be unjustly dealt with, we would then control the world price of chrome and prevent the raiding or gouging by the Russians which we could foresee. That was in 1967.

We asked for one and a half million pounds to be laid on the table. We were denied that. We have now taken 900 and if the present bill pending is passed we will take another 900. If we would have done this in 1967 we would have avoided the tragic rise in cost.

As we said earlier, Russia has been the major source of supply; but if you will look again at attachment 1, you will see that the Bureau of Mines estimates that Russia possesses only 5.6 percent of the world's supply of chrome—yet this is now our major source.

Russia is now selling us chromite limited to 450,000 tons per year at ever-increasing prices. They are now beginning to ask us to take fines. Is this, by policy, to hold up the price or is it all they have to sell us? We are at the bottom of this barrel also. One could rightfully ask the question—are we buying Russian material at inflated prices while they supply their needs with Rhodesian material at lower prices?

As stated above, the stockpile is our second source. This will also run out in time, and good grade metallurgical lump is low at this time. In fact, a large part of the Government's stockpile is unsuitable for metallurgical use. If we pass the present bill by Congress we will be below the 2-year supply of this most strategic material for defense.

Turkey is our third source. According to the U.S. Bureau of Mines, Turkey has only 2 percent of the world supply. Turkish output of ore is just under 500,000 tons per year, of which approximately 250,000 tons per year are exported, almost entirely to the United States.

According to the April 12, 1971 issue of *Metals Week*, the Japanese have just completed an arrangement with the Turkish producers to take 100,000 tons of this material per year on a long-term contract.

Thus, our three sources—Russia, 50–60 percent of our needs, the stockpile, 20–30 percent; and Turkey, 10–15 percent—present a bleak picture of our major sources of supply. The outlook for chrome can only be for tightening availability and rising prices, so long as we deny ourselves access to the 70 percent of the world's supply in Rhodesia.

South Africa is a fourth source and is limited in its metallurgical suitability. But even here, there are those who desire to extend the sanctions to this country.

While denying ourselves this major and vital raw material, one needs only to visit Southern Rhodesia to realize that its chrome ore has been finding its way into the world markets. There is little ore seen above ground although they work the mines 7 days a week. As we know, they were unable to ship but a mere 15 percent of the 150,000 tons approved many months ago for import. The United Nations has itself offered the best evidence of the sanction's failure. In the third report of the United Nations Security Council Sanctions Committee, published in June, 1970, it was estimated that Rhodesian exports were running at approximately 70 percent of their presanctions level. Twenty-one complaints of violations were investigated by the United Nations involving chrome ore from Rhodesia to France, Japan, Netherlands, Italy, Spain, and West Germany. It is generally admitted that we and Britain are the only ones seriously abiding by the sanctions.

The point was made earlier that if Rhodesian ore were not finding its way into the free world the free world would be out of chrome today. There is not that much any place else. I have also asked the question whether the flow of Rhodesian chrome into Red China has not perhaps been an aid to them becoming a nuclear power.

Many reliable sources indicate that substantial quantities of this materials are flowing into the hands of foreign specialty steel producers, undoubtedly substantially aiding foreign producers of specialty steels in moving into and capturing large segments of the American market for specialty steels, producing a chaotic price situation here, bringing about unemployment and affecting the profitability of small American companies to the point where there is serious question about their economic viability.

Also, markets have been sufficiently encroached upon that we are beginning to see cutbacks in vital programs. Foreign producers of specialty steel, who are beneficiaries of the Rhodesian sanctions, have penetrated the American market for specialty steels, at the end of 4 months of 1971, at an all-time high, exceeding 22 percent. For individual specialty steel products, the penetration is even greater: some 35 percent of stainless steel cold rolled sheets; 68 percent of the market for stainless steel wire rods; 54 percent of the market for stainless steel wire. One can rightfully ask how much embargoed Rhodesian ore is contained in this imported stainless steel coming into this country, adding insult to the injury of the unemployed or about to be unemployed American steelworker.

You can sit here and figure out all the tests for Rhodesian ore and I defy you to figure out how much Rhodesian ore is in a cold rolled sheet. I am sure that the American steelworker wonders who is being helped and who is being hurt by these sanctions. Fortune magazine reported in April that the Rhodesian growth in real GNP was better than 4 percent per year, substantially more solid than either the United States or Britain.

France, Japan, and Germany are reportedly continuing to trade. A visit to Rhodesia reveals a very stable, busy, growing country with Toyotas and Renaults very much in evidence.

Chrome is about one example of what could happen in many other vital materials if similar unilateral actions are taken. For example, there was a proposal before the United Nations to extend these sanctions to Portugal and South Africa. To have extended them to South Africa would have cut us off from 90 percent of the world's metallurgical chrome. It would have also placed us in an emergency situation with regard to vanadium supplies. A similar sanction against the Congo would cut off our cobalt; against Canada, our nickel. Were it not for the substantial American stockpile, we would now be dependent upon Red China for tungsten. The list could go on and on.

House Resolution 5445, we believe, is designed to permit us to support those political and social issues throughout the world that have merit and deserve our support without injuring ourselves economically and militarily more than the one we bring such action against. We therefore urge your immediate and enthusiastic support of this resolution.

Thank you very much, Mr. Chairman.

(The complete text of Mr. Andrews' prepared statement follows:)

Mr. Chairman: My name is E. F. Andrews. I am Vice President-Purchases, Allegheny Ludlum Industries, Inc. One of our member companies, Allegheny Ludlum Steel Corporation, is a major producer of stainless and specialty steels. I also represent the Tool and Stainless Steel Industry Committee and am chairman of the Critical Materials Supply Committee of the American Iron and Steel Institute. We appreciate this opportunity to speak in favor of House Resolution 5445.

As one who spends a major portion of his waking hours concerned with the problems of materials supplies for this country, I am quite naturally interested in any legislation that has as its purpose the protection of such supplies.

The United States is very much a negative nation in regards to the availability of strategic raw materials. It has been reported that, of the 30 strategic metals, so defined by the Office of Emergency Preparedness, 25 must be imported by the United States in order to supply the needs of important American industries. For this reason, we strongly supported the Boggs' Amendment establishing a Materials Policy Commission so that we, as a nation, could start officially addressing ourselves to the long-range problems of critical material shortages and hopefully adopt laws and enunciate policies that will protect and provide for the nation's future material needs. House Resolution 5445 is in harmony with the purpose of that commission in that it would be established to prevent the unilateral action of one segment of government from interrupting the flow of vital and strategic materials to our shores regardless of how meritorious the intent of such action may be. It reduces the danger of unwise and unnecessary injury to this country while not preventing support of the issues involved.

It already has been said in these hearings that the Rhodesian sanctions and their effect on the chrome situation are a perfect case in point. As a major consumer of chrome, we are quite familiar with the effects of those sanctions on the economy of the United States, the Specialty Steel Industry, and its employees.

The importance of chrome to industrial America cannot be overstated. While steel remains the most useful, most versatile, and most reasonably priced metal

in modern industrial civilization, *specialty steels*—developed and manufactured by a large group of relatively small companies in the United States—not only have those three principal characteristics but, in addition, in their latest forms and new specifications, have made possible not only our nation's aerospace program but also its advanced communications, improved power generation and distribution, its growing Chemical Industry, greater comfort and efficiency at home and at work, and continuing progress in such advancing sciences as oceanology, ecology, surgery, medicine and health care, and atomic particle physics. From the last named will come not only new sources of energy but great new strides in scientific progress in virtually every field.

Thus, gentlemen, when we speak of alloying elements—and chrome of course is an important one of these—we are talking about no *ordinary* commodity. It goes to the root of our industrial civilization.

Nearly 70% of the world's known chrome reserves (see Attachment 1) are found in Rhodesia. Prior to sanctions, Rhodesia was our largest supplier of metallurgical, high-grade chrome ore. Due to the sanctions, this has diminished to zero, with the main benefactor of this attractive and profitable volume of business being the Soviet Union. In fact, according to the United States Bureau of Mines' data, in 1970, of the 363,840 short tons of chromium *contained* in ore, with a chrome content of 46% or better, 224,877 short tons, or better than 60%, were imported from the Soviet Union.

In spite of the fact that the world price of chrome ore had dropped from 1956 through 1966, the Russians, acting in a highly "capitalistic" manner, increased their price to us more than 100% since the sanctions were imposed (see Attachments 2 and 3). As evidence of the fact that this rise is substantially greater than inflation during this period of time, when one examines the years 1967 through 1970, we cite the following cost increases which were incurred for various commodities consumed by the Steel Industry :

	<i>Percent</i>
Grinding wheels-----	21
Graphite electrodes-----	14
Refractories-----	20
Bearings-----	15
Ingot molds-----	16
Mill rolls-----	16
Coke-----	50
Fuel oil-----	31
Manganese ore-----	-15
75% ferrosilicon-----	19
Vanadium-----	42
APT tungsten-----	57
Nickel-----	56

But now, looking at the impact of the rise in chrome ore prices during this time, we see ferrochrome silicon up 80% and high carbon ferrochrome up 67% (see Attachments 4 and 5). In fact, if we examine Attachment 4, the dotted line shows the price rise of silicon in ferrochrome silicon over the past 4 years, and the solid line shows the rise in the cost of chrome contained in this product over the same period of time.

The situation would undoubtedly have been worse had it not been for sizable disposals from the Federal Government stockpile during this time. It is estimated that, during 1969, 31% of the metallurgical chrome consumed in this country came from the stockpile, and something over 20% in 1970. In order to provide this material to industry, the O.E.P. has seen fit to continually drop the stockpile objectives, thus making material available. This action is deemed by some members of the Congress as being unwise because of chrome's strategic importance and the zero production in the United States. Over 900,000 tons of material have been sold out of the stockpile since 1966. However, the availability of high-grade, metallurgical chrome ore from this source will some day run out: therefore, we must not count upon this as a long-range answer to our problems.

As we said earlier, Russia has been the major source of supply; but if you will look again at Attachment 1, you will see that the Bureau of Mines estimates that Russia possesses only 5.6% of the world's supply of chrome—yet this is now our major source. Russia is now selling us chromite limited to 450,000 tons per year at ever-increasing prices. It is, by policy, to hold up the price or is it all they have to sell us? We are at the bottom of this barrel also. One could

rightfully ask the question—are we buying Russian material at inflated prices while they supply their needs with Rhodesian material at lower prices?

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Turkey is our third source. According to the United States Bureau of Mines, Turkey has only 2% of the world supply. Turkish output of ore is just under 500,000 tons per year, of which approximately 250,000 tons per year are exported, almost entirely to the United States.

According to the April 12, 1971, issue of *Metals Week*, the Japanese have just completed an agreement with the Turkish producers to take 100,000 tons of this material per year on a long-term contract.

Thus, our three sources—Russia, 50–60% of our needs; the stockpile, 20–30%; and Turkey, 10–15%—present a bleak picture of our major sources of supply. The outlook for chrome can only be for tightening availability and rising prices, so long as we deny ourselves access to the 70% of the world's supply in Rhodesia.

South Africa is a fourth source and is limited in its metallurgical suitability. But even here, there are those who desire to extend the sanctions to this country.

While denying ourselves this major and vital raw material, one needs only to visit Southern Rhodesia to realize that its chrome ore has been finding its way into the world markets. There is little ore seen above ground although they work the mines seven days a week. As we know, they were unable to ship but a mere 15% of the 150,000 tons approved many months ago for import. The United Nations has itself offered the best evidence of the sanctions' failure. In the third report of the United Nations Security Council Sanctions Committee, published in June, 1970, it was estimated that Rhodesian exports were running at approximately 70% of their pre-sanctions levels. Twenty-one complaints of violations were investigated by the U.N. involving chrome ore from Rhodesia to France, Japan, Netherlands, Italy, Spain, and West Germany. It is generally admitted that we and Britain are the only ones seriously abiding by the sanctions.

Many reliable sources indicate that substantial quantities of this material are flowing into the hands of foreign specialty steel producers, undoubtedly substantially aiding foreign producers of specialty steels in moving into and capturing large segments of the American market for specialty steels, producing a chaotic price situation here, bringing about unemployment and affecting the profitability of small American companies to the point where there is serious question about their economic viability. Also, markets have been sufficiently encroached upon that we are beginning to see cutbacks in vital programs. Foreign producers of specialty steel, who are beneficiaries of the Rhodesian sanctions, have penetrated the American market for specialty steels, at the end of four months of 1971, at an all-time high, exceeding 22%. For individual specialty steel products, the penetration is even greater: some 35% of stainless steel cold rolled sheets; 68% of the market for stainless steel wire rods; 54% of the market for stainless steel wire. One can rightfully ask how much embargoed Rhodesian ore is contained in this imported stainless steel coming into this country, adding insult to the injury of the unemployed or about to be unemployed American steelworker. I am sure that he wonders who is being helped and who is being hurt by these sanctions. *Fortune* magazine reported in April that the Rhodesian growth in real GNP was better than 4% per year, substantially more solid than either the United States or Britain. France, Japan, and Germany are reportedly continuing to trade. A visit to Rhodesia reveals a very stable, busy, growing country with Toyotas and Renaults very much in evidence.

Chrome is but one example of what could happen in many other vital materials if similar unilateral actions are taken. For example, there was a proposal before the United Nations to extend these sanctions to Portugal and South Africa. To have extended them to South Africa would have cut us off from 90% of the world's metallurgical chrome. It would have also placed us in an emergency situation with regard to vanadium supplies. A similar sanction against the Congo would cut off our cobalt; against Canada, our nickel. Were it not for the substantial American stockpile, we would now be dependent upon Red China for tungsten. The list could go on and on. House Resolution 5445, we believe, is designed to permit us to support those political and social issues throughout the world that have merit and deserve our support without injuring ourselves economically and militarily more than the one we bring such action against. We therefore urge your immediate and enthusiastic support of this resolution. Thank you very much, Mr. Chairman.

CHROMIUM RESERVES OF THE WORLD

[Thousands of short tons]

	As chromite	Percent	As metal	Percent	As high Cr chromite	Percent
Republic of South Africa.....	2,200,000	74.5	575,000	74.2	110,000	22.5
Southern Rhodesia.....	660,000	22.2	175,000	22.5	330,000	67.4
Turkey.....	11,000	.4	3,000	.4	9,900	2.0
United States.....	8,800	.3	2,000	.3	440	.1
Philippines.....	8,250	.3	1,000	.1	1,650	.3
Finland.....	8,250	.3	2,000	.3	-----	-----
Canada.....	5,500	.2	1,000	.1	-----	-----
Other.....	12,485	.4	1,000	.1	8,983	1.8
Total free world.....	2,913,285	98.1	760,000	98.0	460,973	94.1
U.S.S.R.....	55,000	1.8	15,000	2.0	27,500	5.6
Albania.....	1,650	.1	800	.1	1,650	.3
World total.....	2,969,935	100.0	775,800	100.1	490,973	100.0

Source: U.S. Bureau of Mines, best estimate.

PRICE QUOTATIONS OF VARIOUS GRADES OF FOREIGN CHROMITE

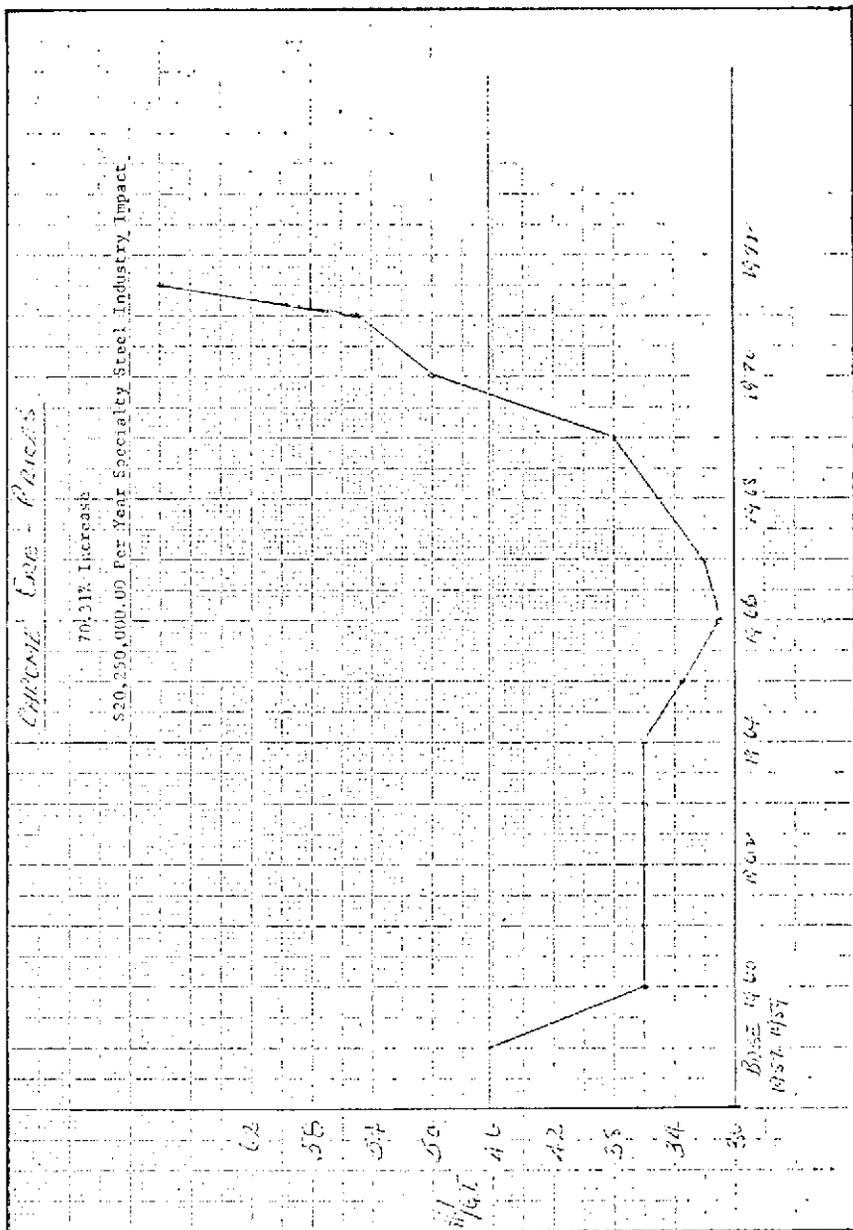
[In dollars]

	1965	1966	1967	1968	1969	1970	1971
Rhodesia: 48 percent Cr ₂ O ₃ , 3:1 Cr/Fe ratio..	31.00-35.00	31.00-35.00	31.00-35.00	(1)	(1)	(1)	(1)
Turkey: 48 percent Cr ₂ O ₃ , 3:1 Cr/Fe ratio..	29.50-31.50	29.50-31.50	32.50-33.50	34.50-35.50	37.50-38.50	47.50-48.50	56-60
South Africa: 44 percent Cr ₂ O ₃	20.00-21.50	20.00-21.50	18.00-21.50	19.00-21.50	19.00-21.50	26.00	30
U.S.S.R.‡: 55 percent Cr ₂ O ₃ , 4:1 Cr/Fe ratio..	25.00	29.25	30.40	34.10	44.00	58.00	72

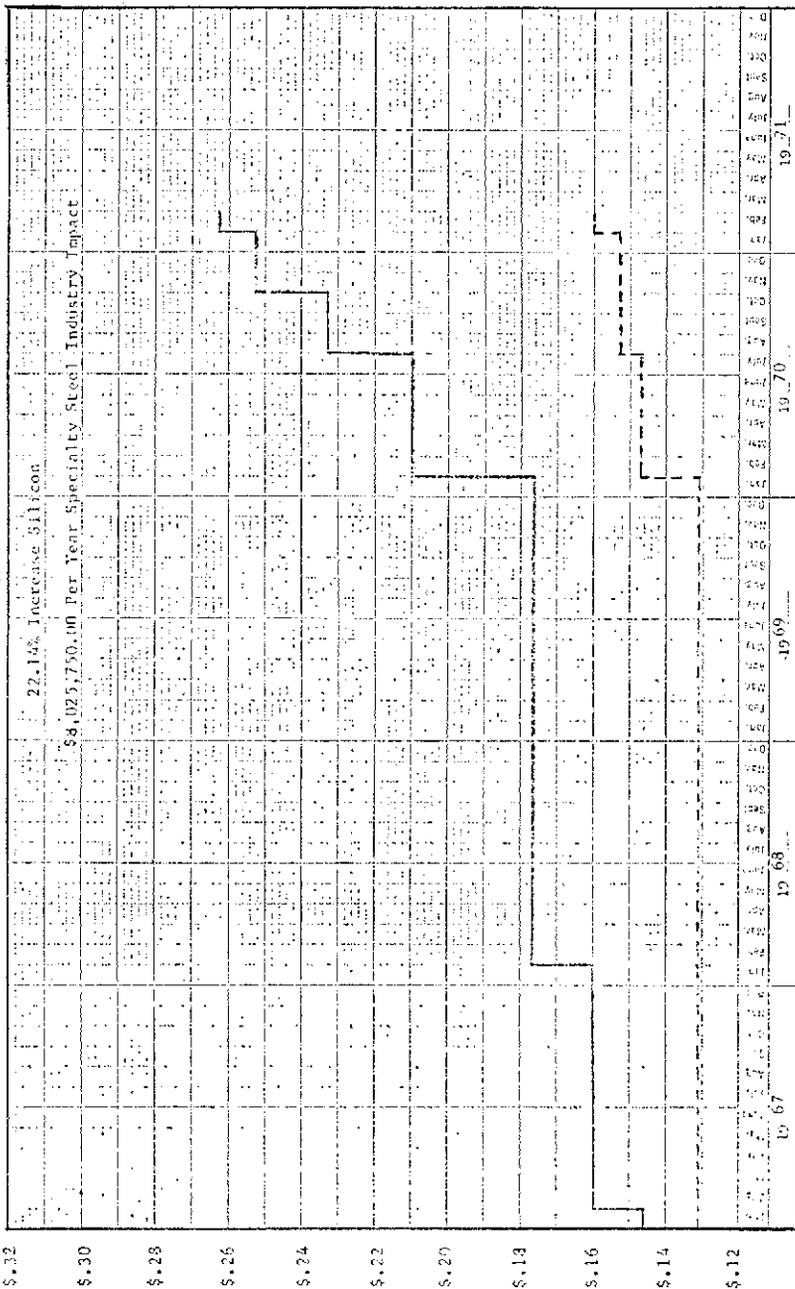
1 Not available.

‡ Actual prices to Foote Mineral Co., f.o.b. Burnside.

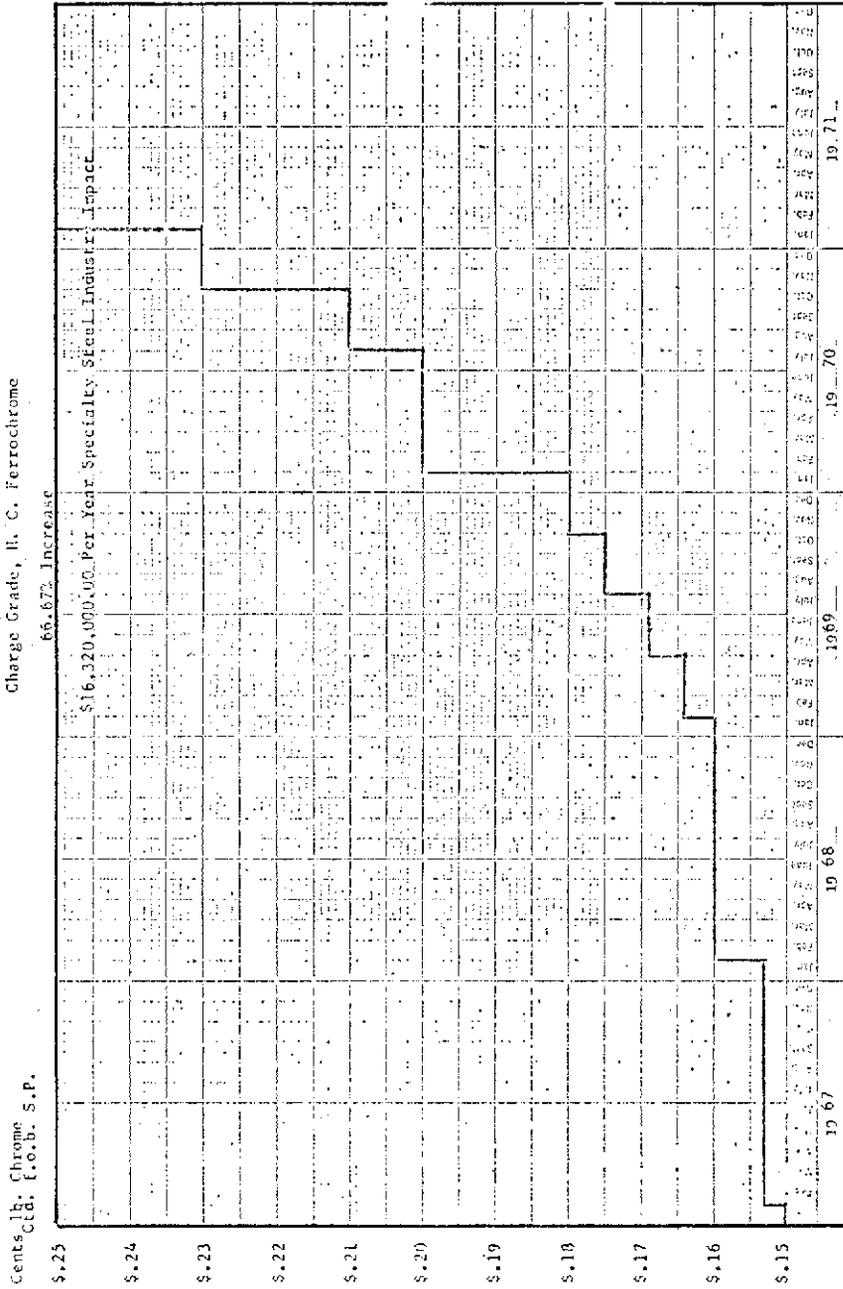
Source: U.S. Bureau of Mines.



Cents lb. Chrome Ctd. # or
 Cents lb. Silicon Ctd. ** Co.b, S.P.
 36/40 Ferrochrome Silicon
 79.67% Increase Chrome



—C lb. Chrome Ctd.
 ----C lb. Silicon Ctd.



Preambular paragraphs of these resolutions which refer to Rhodesia as a "sovereign" nation are inconsistent with the view of the international community, which we share, that the UK is the sovereign power in Southern Rhodesia. Of the 21 countries which maintained some form of consular representation in Rhodesia at the time of the unilateral declaration of independence in November 1965, only South Africa and Portugal continue to do so. No country in the world—not even South Africa or Portugal—has formally recognized the Smith regime or Rhodesian independence.

Accordingly, the Security Council's actions with regard to Rhodesia were not an intervention in the internal affairs of a state, as stated in H. Con. Res. 12. They were rather a response to a request for assistance by a member nation, the United Kingdom, recognized by all as having sovereignty over, and responsibility for the territory, and to the threat to international peace and security which the Council concluded existed as the result of the situation in Rhodesia.

Finally, the statements in H. Con. Res. 5 about chromite and our national security must be judged against the following background:

The matter of chrome ore supply in this country is kept under constant review within the Executive Branch. Our studies indicate that adequate supplies of chrome ore are available to American industry at the present time. While the supply situation might be described as tight, it is premature to suggest that there is a shortage. In fact, inventories of American industry increased last year, while imports and domestic consumption were virtually in balance. Moreover, although some chrome ore is needed for national defense purposes, I should put this in perspective by noting that direct military consumption presently requires about 10% of our consumption.

With respect to U.S. imports of Soviet chrome ore, I would note that American purchases of chrome ore from the USSR did not result solely from the imposition of Rhodesian sanctions nor is the Soviet Union the sole supplier in this area. In the years immediately prior to sanctions, Rhodesia and the USSR each accounted for about one-third of U.S. imports of metallurgical grade chromite. In the period 1967-70 since sanctions, the U.S. has imported approximately 51% of its supplies from the USSR while also increasing purchases from other producers such as Turkey and South Africa.

Some months prior to the adoption of Rhodesian sanctions, the U.S. Government commenced the disposal of chrome ore and its equivalents from the stockpiles which had been found in excess of U.S. needs. Disposals of 885,000 short dry tons were authorized by the Congress in Public Law 89-415 of May 11, 1966, and are continuing.

Soviet and Rhodesian chrome ore prices are not susceptible to comparison as suggested by H. Con. Res. 5. No current Rhodesian price is ascertainable, since Rhodesian chromite is not traded freely, and it would be misleading to compare 1971 Soviet ore prices with 1966 Rhodesian ore prices. Prices for Soviet chromite have doubled since 1966. Lower-quality chromite from other sources has increased in price more or less proportionately to that for Soviet ore. The over-all rise in market prices does reflect the impact of sanctions, but it also reflects factors such as inflation and over-all demand, which have caused significant price increases in many raw materials over the same period.

I hope that the foregoing is helpful in explaining the Department's position with respect to these resolutions.

The Office of Management and Budget advises that from the standpoint of the Administration's program, there is no objection to the submission of this report.

Sincerely,

DAVID M. ABSHIRE,
Assistant Secretary for Congressional Relations.

[Text of report from Department of State on H.R. 5445 and other, similar legislation]

DEPARTMENT OF STATE,
Washington, D.C., May 14, 1971.

HON. THOMAS E. MORGAN,
*Chairman, Committee on Foreign Affairs,
House of Representatives, Washington, D.C.*

DEAR MR. CHAIRMAN: I am writing in response to your letter of March 12, 1971, for the comments of the Department of State on H.R. 4712, H.R. 4947, H.R. 5445, H.R. 5489, and H.R. 5817, five similar bills "To amend the United Nations Participation Act of 1945 to prevent the imposition thereunder of any

Mr. FRASER. You say on page 5 that, "Foreign producers of specialty steel who are beneficiaries of the Rhodesian sanctions have penetrated the American market for specialty steels."

Who are these?

Mr. ANDREWS. The State Department has been for a long time saying we don't know that it is going into the world markets because we cannot produce an invoice that says they received so much ore from Rhodesia. This will never happen because the Rhodesian ore is not going out of Rhodesia to a sanctioned country. It is probably going to South Africa. It may be going to Mozambique. It could be going to Russia—and there being transhipped and relabeled to the various countries of the world. I can give you several reliable sources who indicate that the biggest violators are probably France and Japan.

I don't know if there is anybody in the United States that can walk in and lay an invoice on your table and say this is it. But it must be said that it is going somewhere in the free world or else we would be out of business.

Mr. FRASER. I would be interested in the source that would identify France and Japan as probably——

Mr. ANDREWS. I can quote you two or three sources. One source is "Metals Week." It quotes, "It is reliably reported——"

Mr. FRASER. What issue is that?

Mr. ANDREWS. May 30, 1970. They just say, "reliably reported that Rhodesian ore is going to Japan." April 1971 issue of Fortune magazine indicates it is also going into Japan and France and also says they are trading for Toyotas and Renaults in exchange and there are lots of them in Salisbury because I stood on the corner and watched them go by. To prove ore is going in to these countries, somebody says, "Give me an invoice." That will never be. They are importing from South Africa, from Mozambique, from various places. But I cannot prove it and nobody else can prove it on a documented, paper basis.

But it is being mined. It is not in Rhodesia. And the free world would be out of business if it was not going into those markets.

Mr. FRASER. On that point let us assume that Rhodesian ore was not reaching the outside world. I assume this might result in increased shipments from other suppliers. Wouldn't that be a possible consequence?

Mr. ANDREWS. What other suppliers?

Mr. FRASER. South Africa seems to have very large reserves.

Mr. ANDREWS. As these gentlemen were trying to say, when you get to the Transvaal ores——

Mr. FRASER. That is something we did not pin down. Are the Transvaal ores the only kind of chrome ores in South Africa?

Mr. ANDREWS. Transvaal is a region as the Great Dyke is a region in Rhodesia and the Rocky Mountains are a region in the United States. It is a low-grade ore that when brought in reduces substantially the efficiency of the production furnaces, particularly in America, and would substantially increase the cost of ferrochrome production well beyond what it is.

Your point was well taken. Somewhere down the road if somebody invents something as they did in iron ore we might be able to efficiently use the Transvaal ores.

Mr. FRASER. Your own charts show South Africa with 110 million tons of high chromite.

Mr. ANDREWS. That is the Bureau of Mines charts. This can be used—the rest is not metallurgical. This is like saying, sir, we can use the Transvaal ores—we can have ham and eggs if we have ham to go with the eggs.

Mr. FRASER. Why don't you enlarge on that.

Mr. ANDREWS. You can use the Transvaal ores or the fines from Russia provided you have enough lumpy ore to blend it with. Standing by itself your costs go right out the window. This can be used to enhance our availability of metallurgical chrome provided it has something else to go with it, otherwise it can be used only at relatively higher cost.

Mr. BLISS. If you would permit a comment. Transvaal ore has been used presanctions and probably always will be used but it all comes back to the very fundamental of economics. How much can you put in without destroying your competitive position and what do they charge for the ore relative to what a high-grade ore costs?

Mr. ANDREWS. Now take, sir, the 22 percent—take the Russian 5 percent, take the Turkey 2 percent. Let us count it all; 30 percent of the total world reserves cannot supply the total free market consumption, if we used all of the 22 percent.

This is the reserves now. We don't want to get reserves and productive capacity mixed up. Another thing. We discovered new nickel, new molybdenum, but I know of no major new discovery of high-grade chrome ore in the past 25 years or longer.

Mr. BLISS. We had a costly exercise in the United States when we created a great mountain of it out in the Far West. And that was very costly.

Mr. ANDREWS. That is still sitting there.

Mr. FRASER. I am sure that I understand—the 30 percent would appear to be something on the order of 150 million tons. What is the annual world consumption?

Mr. ANDREWS. That is reserves.

Mr. FRASER. At what rate would we be consuming that?

Mr. ANDREWS. 5 to 6 million? We use 1.4.

Mr. BLISS. My number would be more in the number of 3 million. Somebody will have to plug in how much Russia consumes internally and you see we have our own speculations. If you believe what she has reported through satellite countries you come to the conclusion she consumes internally a great deal more than we do in the United States. That I don't believe. So you have a loose number here.

Mr. FRASER. But in any event, it would be probable I would think, that the Soviet Union is consuming chrome in excess of her production of raw materials. So in terms of self-sufficiency the Soviet Union would be looking at it in the future at a point where it might exhaust the reserves that we are aware of.

Mr. BLISS. Russia says here that she has over 1 billion tons of high-grade chrome ore reserves. The facts of her performance belie the statement so you can see that sitting in the United States, it is difficult to buy a New York Times and learn her well-guarded secrets.

Mr. FRASER. What has been the rise in the cost of stainless steel over the past 4 years?

Mr. ANDREWS. It went down. The cost of stainless steel. Are you talking about our manufacturing cost or our selling prices?

Mr. FRASER. The selling price.

Mr. ANDREWS. It is chaotic. It has been up and down. Three times in 1970 they tried to put through a 6-percent price increase and could not make it stick because of foreign imports. A lot of people, when steel prices go up, say stainless steel prices are going up. Just recently there has been a rise on various commodities, an average of about 6 percent, but during much of 1969 and 1970 the price of stainless steel dropped—the actual price received from customers.

Mr. FRASER. If you took 1967—the average price.

Mr. ANDREWS. I don't have that with me.

Mr. FRASER. Do you have any impression as to the extent of price increase?

Mr. ANDREWS. I don't have that with me but I think that data is easily available.

Mr. MOXON. Our overall average selling price has changed very little in that period.

Mr. ANDREWS. If you want to take the time to go into what our costs have done I will be glad to spend the next 2 hours with you, sir.

Mr. FRASER. I would be interested in that.

Mr. ANDREWS. Incidentally, on your chrome ore, \$20 million, that is exactly the figure I have down on that chart. If you look at chart No. 3 it gives the price curve of chrome ore and the estimated cost to the industry at the top of the page.

Mr. FRASER. Which chart is that?

Mr. ANDREWS. No. 3 in my report, I believe.

Mr. FRASER. That seems to be chrome ore prices.

Mr. ANDREWS. That is right. The price increase of chrome ore during the period of sanctions. Chrome ore prices went up a total of \$20 million which I think you were calculating a while ago.

Mr. FRASER. This is the aggregate cost of what we take in, not per ton.

Mr. ANDREWS. That is the aggregate cost of what we took in, cost the American industry who and wherever they may be, \$20 million.

Mr. FRASER. Then my figures would be too large because only two-thirds of that goes into stainless steel.

Mr. ANDREWS. No; you are jumping too fast from chrome ore to stainless steel.

Mr. FRASER. But if the cost to the American industry for chrome imports has gone up \$20 million only two-thirds of that has gone to stainless steel. I am assuming this is all metallurgical.

Mr. ANDREWS. That is all metallurgical ore. Also, I would point out to you, sir, if you would refer to Mr. Kroft's paper, it says 66 percent stainless steel, but I would say much of the alloy steel is chrome containing. In other words, of the special steel industry there could be chrome in many of these other products also.

Mr. FRASER. It would tend to lessen.

Mr. ANDREWS. The billion dollars includes all of these special steels.

Mr. FRASER. No stainless steel.

Mr. ANDREWS. We are getting into semantics now.

Mr. FRASER. You are saying then the billion dollars characterizes annual stainless steel production. The impression one gets is that the order of magnitude here is—

Mr. ANDREWS. You are missing one very important point. That is; as the price of chrome ore rose and as the necessity to further incorporate fines and Transvaal ores increased, the cost per ton of ore used in making ferroalloys rose substantially compounding the rise in price on the ore itself. Don't leave that out. It's a tremendous factor.

Mr. FRASER. That was referred to I think.

Mr. ANDREWS. I believe Mr. Kroft or Mr. Bliss referred to it.

Mr. BLISS. I think the same point has been made several different ways and I think if your persistent questioning there, Mr. Chairman, relates to your desire to relate this increased cost of ore to a percentage increased cost to the stainless steel industry, solely and bearly alone, then you are misleading yourself.

Mr. FRASER. It seems to me that a low carbon ferrochrome went from 23 cents to 38 cents and that is a differential of 13 cents. So 15 cents then relates to an additional burden on the stainless steel industry of how much per ton?

Mr. ANDREWS. Since the sanctions were imposed calculated on impact on special steel industries we calculated that as \$22,630,000 on an annualized basis, total impact of one product made out of chrome, .05 low carbon ferrochrome.

Mr. FRASER. And the end use is what?

Mr. ANDREWS. Any chrome bearing steel.

Mr. FRASER. That keeps coming back to the figure I came up with.

Mr. ANDREWS. That is just for that one product.

Mr. FRASER. What is the end product of that?

Mr. ANDREWS. The same thing. High carbon ferrochrome has gone from 15 cents to 25 cents and when you take the annualized impact of that on total specialty steel usage it is \$16,320,000 a year.

Mr. FRASER. It may be useful to reconcile this. Mr. Kroft indicated their domestic use was in the order of \$250,000 and that the increase in manufacturing cost went up \$1 million. If that ratio prevailed for total U.S. consumption; you figure maybe a \$4 million increase.

I appreciate this information. I am sorry more members could not have been here. They have this major welfare bill on the floor. But we have the record here and we will be giving it further consideration.

Thank you.

STATEMENT OF JOHN MOXON, PRESIDENT, CARPENTER TECHNOLOGY CORP.

Mr. MOXON. Mr. Fraser, I thought I was to make a statement. I have given you 20 copies of it and I am willing to let it rest at that. I don't have to read it to you. It is not necessary that I read it, if you give it to the members of your subcommittee.

Mr. FRASER. I will be glad to have you make some oral statement.

Mr. MOXON. The only thing I would add is we also have in the back of our minds the apprehension that the same people that are upset about Rhodesia will become equally upset about South Africa and then we are in a mess. Because if they took the same kind of action toward South Africa—and as you know there are a lot of people making a lot of noise about it.

I am not in sympathy with an apartheid or any of these things but I am talking about chromium at this point.

Carpenter Technology Corp. is a relatively small company in the steel business specializing in the technically oriented high alloy steels. We have approximately 5,000 employees involved in the production and distribution of stainless steels, alloys for electronic applications and a wide range of other special industries. These materials must provide resistance to corrosion, abrasion, heat, cold, and stresses and strains.

We are particularly concerned about the situation with reference to the supply of chromium because of the importance of this metal in our products. Our shipments of over 80,000 tons of these specialty alloys required more than 13,000 tons of ferro-chromium. As a result of the embargo on chromium ore and ferro-chromium from Rhodesia, this alloying material has advanced substantially in price and at the same time the quality of most of the ferro-chromium available is lower than that which we formerly received from Rhodesia. Much of the chromium ore from which our current supplies are made originates in Russia, a fact which is of deep concern to us since many of our chromium-bearing alloys go into critical components of both ordnance and aerospace, power generation and instrumentation, controls and special machinery. Most of these products are extremely essential both to the progress and to the security of this Nation.

Almost 14 percent of the total weight of our products shipped last year consisted of chromium and it should be of concern to all who share the responsibility for the economic and political future of this country that such an important ingredient utilized almost everywhere in our scientific and technical economy comes from behind the Iron Curtain.

The specialty steel industry is not only suffering from what we feel is a short-sighted decision by the State Department in participating in economic sanctions against Rhodesia but is also suffering even more severely from the rapid growth of specialty steel imports from low-labor cost countries, such as Japan, and to a lesser extent Europe. As of recent months, these imports have taken from us more than 25 percent of the domestic market and this alone is a severe blow to the industry. Furthermore, these foreign producers are being supplied directly and indirectly with high quality Rhodesian ore while we are forced to utilize the lower quality Russian product.

Between these two adverse policies of the State Department, we have not only lost a major part of our domestic market, as aforesaid, but we have been forced to close a specialty steel wire mill in New Jersey which at one time employed 150 skilled steelworkers and in our main plants in Reading and Bridgeport, the growth of our business substantially ceased 3 years ago ending nearly a quarter century of steady prosperous expansion of both output and employment which had continued almost uninterruptedly since the end of World War II.

We find it most difficult to see an improvement in the status of this vital industry until such time as Washington's attitude toward a reasonable control of cheap imports and an improvement in the availability of vital raw materials has substantially changed. I hope that the efforts of this subcommittee will result in action which will permit us once again to obtain the high quality chromium from Rhodesia which is available to specialty steel producers in virtually every other

nation. I hope also that you will examine carefully the kinds of agreements concerning specialty steel imports which are negotiated by the State Department.

I have with me Mr. Robert P. Freehafer who has been in charge of our purchases for nearly a quarter century and if you have any specific questions concerning the availability, the quality or the price of chromium, he will be happy to endeavor to answer you.

Thank you.

Mr. FRASER. We will declare this meeting adjourned.
(Whereupon, at 5:45 p.m., the hearing adjourned.)

APPENDIX

STATEMENTS SUBMITTED FOR THE RECORD

STATEMENT OF HON. HAROLD R. COLLIER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS, IN SUPPORT OF H.R. 5817

Mr. Chairman, I appreciate having this opportunity to appear before the Subcommittee on International Organizations and Movements of the Committee on Foreign Affairs in behalf of H.R. 5817. This measure, of which I am the sponsor, is designed to amend the United Nations Participation Act of 1945 to prevent the imposition thereunder of any prohibition on the importation into the United States of any strategic and critical material from any free world country for so long as the importation of like material from any Communist country is not prohibited by law.

Prompt enactment into law of this or similar legislation is necessary if we are to eliminate the intolerable situation that has come about because of Executive Order No. 11419. This order, which was issued by then President Lyndon B. Johnson on July 31, 1968, bars all imports from Rhodesia to the United States, as well as all exports from the United States to Rhodesia.

As a result of this shortsighted order, the United States can no longer purchase chromium from Rhodesia, from which 85 percent of all our chrome imports originated before the economic sanctions were imposed. Our imported chrome was obtained at \$25 per ton from subsidiaries of American companies which were based in Rhodesia.

According to the Bureau of Mines, an agency of the Department of the Interior, 67 percent of the world's high-grade chrome reserves are located in Rhodesia, 22 percent in the Republic of South Africa, and 5.6 percent in the Soviet Union. The United States has a mere three-tenths of 1 percent of the chrome reserves and neighboring Canada two-tenths of 1 percent.

An adequate supply of chrome is a vital necessity for both defense and non-defense industries. Chrome is needed for the production of military jet aircraft, missiles, and satellites, as well as for the manufacture of automobiles and industrial tools and the construction of homes.

Since the embargo on Rhodesian products was instituted, we have been buying increased amounts of chrome from the Soviet Union, paying \$75 per ton, which is three times what we paid for a much superior grade of Rhodesian chrome 4 years earlier. The chrome for which we are presently paying the Soviet Union \$28 million a year could be purchased from American firms in Rhodesia for \$17 million. The Soviet Union, incidentally, has been North Vietnam's chief source of supply for war materiel since the United States became involved in war with that nation.

The embargo on Rhodesian products was instigated by the United Nations Organization to please Great Britain, from which Rhodesia had declared its independence on November 11, 1965. The sanctions have been a tremendous fiasco, largely because of cheating by many of the nations that enthusiastically endorsed the sanctions when they were first proposed. Twenty-seven members of the United Nations have failed to carry out their obligations in connection with the boycott.

Rhodesia's export trade, which had been \$237 million during 1968, increased to \$336 million in 1969, a truly remarkable demonstration of the futility of the United Nations action.

Great Britain, which we rescued from defeat in World Wars I and II, and which received considerable financial assistance from the United States during the period immediately following the latter conflict, has shown her appreciation for our cooperation in the boycott of Rhodesia by continuing to supply the North

Vietnamese. Rhodesia, by the way, having lost her American market, is now selling chrome to Communist China, which, not being under United Nations discipline, is not bound by the embargo which that organization inspired.

Inasmuch as our stockpile of chrome will be exhausted in a little over 3 years at the present rate of depletion, prompt and effective action is imperative. I believe that the enactment of my bill will help to correct a situation that is not only inconsistent from a diplomatic standpoint, uneconomical from a commercial standpoint, and ludicrous from a commonsense standpoint, but downright dangerous to our national security.

Mr. Chairman, the Soviet Union has us at its mercy, as it could shut off our supply of chrome at any time it chose to do so.

Let us not permit the Soviet Union to hold such power over us. Instead, I hope the committee will promptly report out H.R. 5817 or similar legislation so the House of Representatives will be able to work its will on this important matter. The legislation has strong support not only in the popular body of the Congress but in the other body as well. Both Republicans and Democrats have expressed concern over the situation that has arisen because of our unwise boycott of Rhodesia.

Thank you once again, Mr. Chairman, for your courtesy.

STATEMENT OF HON. WILLIAM L. DICKINSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Mr. Chairman, I am glad that this committee is taking the initiative to consider legislation regarding sanctions against Rhodesia, and it is a privilege to participate in these hearings.

I believe that we are embarked on a foolish course when we continue to honor and enforce the boycotts and economic sanctions imposed by the United Nations on tiny Rhodesia. These sanctions are legally wrong, politically wrong, and morally wrong, and if we persist and are consistent in this policy, it will inevitably lead us to consequences in regard to foreign policy more dire than the situation in which we presently find ourselves in Southeast Asia.

The theory that supports the United Nations boycott of Rhodesia is that the U.N. is dedicated to "world peace through world law." If this lofty phrase means anything, it must mean that the U.N. stands for obedience to the law, first of all. But in order to adopt these resolutions against Rhodesia, the United Nations Security Council had to flout their own basic law. The Rhodesian mistake began in December 1966, when the British pushed a resolution through the U.N. Security Council condemning Rhodesia. A month later, former President Johnson imposed selective sanctions on Rhodesia by Executive order, and again following the lead of the U.N., in 1968 he imposed complete sanctions against Rhodesia. The Congress, therefore, has never had an opportunity to consider this matter.

Former Secretary of State, Dean Acheson, among other distinguished authorities, has termed the sanctions "patently illegal." He said "the United States is engaged in an international conspiracy, instigated by Britain and blessed by the United Nations, to overthrow the government of a country that has done us no harm and threatens no one."

I have often wondered aloud if we uphold these sanctions against peaceful Rhodesia, why do we not demand from the United Nations proper sanctions against the aggressor nations of North Vietnam, North Korea, Communist China, and others? Instead, we are resuming trade with Red China, a power which is ideologically opposed to the United States in every way.

As a member of the Stockpile Subcommittee of the House Committee on Armed Services, I am particularly interested in this matter because U.S. sanctions on Rhodesia have cut off our principal source of a vital defense-oriented metal—chromite, making us dependent on the Soviet Union for our supplies. We need chrome for such military items as jet and aerospace engines and atomic reactors.

We pay approximately \$65 for each ton of quality ore, the Russian price being more than twice as much as we paid to Rhodesia for comparable quality chrome prior to imposing economic sanctions against Rhodesia. Since the United States imports some 900,000 tons of chrome ore each year, there is a considerable amount of money at stake. Without Rhodesia as a competitor, and with the United States the big-spending buyer, the Soviet Union has jacked up the price of chrome—and they will continue to raise the prices, at U.S. expense. In trying to throttle

Rhodesia, the United States has let Russia get us by the throat—with possible danger to our defense unless we can obtain a dependable supply of chromite elsewhere.

Rather than recognize Rhodesia, our Government has set out on a bureaucratic scheme to lower the cost of chrome on the international market. The Government, through the Office of Emergency Preparedness, has decided that there is much more chrome in our stockpile than is needed for an emergency. So, the administration has sent bills to the Congress to authorize selling off some of the ore. This legislation calls for releasing 4,238 short tons of the chrome metal, and about 1.3 million short dry tons of metallurgical grade chromite (chromite ore equivalent)—worth a total of some \$179 million.

I suppose that this plan is designed to generate a competitive market which will lower the price and the demand of chrome ore. Even if the Congress agreed to the plan, it would only produce a temporary false market. Soon we would have to go back to the marketplace with Communist Russia and our stockpiles of strategic materials would be but a faint memory.

Why are the sanctions continued? Because those who oppose them are branded as racists and advocates of white supremacy. Thus, the British have used an emotional issue in the United States to help them in their attempts to keep Rhodesia from declaring its independence—the same way they attempted to stop another small country from doing it in 1776.

Without criticising the methods of other nations, I would like to point out that this is another incongruity in our approach to the Rhodesian question. Australia, which we have long considered an ally, does not even allow blacks to come into the country and has denied any rights to its aborigines. Yet, we trade with Australia and have even sold her F-14 bombers for her national defense. England, that great bastion of democracy, has shut down immigration from its black colonies. Again, however, we have not questioned our trade policies with England.

The United States has in this case applied the double standard—holding out the sanctions against Rhodesia as a concession to placate those who see racism in free trade with nations who deny rights to their black citizens, just as you would give a cookie to a crying child to make him forget the cause of his tears.

The United Nations has also applied the double standard. It can afford to be sanctimonious in putting the pressure upon tiny countries. Unfortunately, however, the United Nations lacks the strength to punish the errant big power, inside or outside the organization. I propose that we end trade with Communist Russia—which supplies the very forces to Hanoi which killed Americans—and resume trade with Rhodesia, a country vital to our defense and, historically, a staunch American ally.

Mr. Chairman, I respectfully urge this committee to report to the House legislation which provides for the lifting of U.S. sanctions against Rhodesia.

Thank you.

STATEMENT OF HON. O. C. FISHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, I am a cosponsor of H.R. 5445 which would prohibit the boycotting of strategic and critical material from any foreign country, not listed as a Communist-dominated country, "for so long as the importation into the United States of material of that kind which is the product of such Communist-dominated countries or areas is not prohibited by, or pursuant to, any provision of law."

In other words, the purpose is to stop the senseless boycott of all trade with the friendly, anticommunist, country of Rhodesia.

Ever since the United States slapped an embargo on Rhodesia for diplomatic reasons, we have been forced to rely on Soviet Russia for 45 percent of its entire supply of chromium. Moreover, since that stupid action was taken by our Government the Russians have upped the price from \$30.50 to \$72 a ton.

Why pick on Rhodesia? That African nation has done us no harm. It even offered at one time to send some aid to South Vietnam if we asked for it. It is a friendly country, rich in resources, and strougly committed to the Western struggle against the relentless forces of communism.

It will be recalled that the United Nations several years ago decided it did not like the way internal affairs were being handled inside Rhodesia, and so a trade

boycott was decreed—joined by the United States of America. That occurred during the Johnson administration.

More recently, during the present administration, at Britain's urging we pursued the boycott and sanctions, and then closed down our consulate in Salisbury. The British had asked for it.

To be sure, there is evidence that Rhodesia is controlled by a minority, although in a practical sense that is debatable. So what? So are many other nations of the world. But who are we to probe the internal affairs of other countries? Are we not committed to the concept of self-determination?

While our British friends were pleading with us to shut down our consulate in Salisbury, the Union Jack continued to fly over the British consulate in Hanoi. While we persist in our refusal to allow any American trade with Rhodesia, our government makes overtures to open trade relations with Red China—our avowed enemy. And what about the minority that controls every Communist country in the world? And we continue to trade with many of them.

Aside from the principle of the thing, we cut our nose off to spite our face. For example, it happens that Rhodesia and the Soviet Union are the world's two principal producers of chromium, an essential ingredient in the manufacture of stainless and chrome steels. We must import it. But from where?

Union Carbide Corp. is one of the leading suppliers of this mineral. It had 150,000 tons from its mines in Rhodesia paid for and ready for shipment when the sanctions were clamped on 4 years ago. And I have already referred to the skyrocketed increase in price of chromium during this period.

Despite Union Carbide's pleas, the United States has steadfastly refused to allow a ton of that chromium to be imported from Rhodesia. And so Union Carbide has been buying its chrome from the Soviet Union, controlled by the Communist Party—which represents about 10 percent of Russian people.

Mr. Chairman, I earnestly hope this committee will approve this bill. Continuation of the present trade policy toward Rhodesia borders on lunacy. There is no rational way it can be justified.

STATEMENT OF HON. J. KENNETH ROBINSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF VIRGINIA

As sponsor of H.R. 7799, which is identical to certain other bills under consideration of the committee, I submit that current policy is unrealistic, and not in the national interest of the United States.

Accordingly, I believe legislation along the lines of the subject bill is reasonable and proper in the circumstances.

It is acknowledged that the bill has its origin in the situation with respect to chrome ore mined in Rhodesia. As we are not able to rely on domestic production for our needs of this strategic material, and as we have bound ourselves to observe a trade embargo against Rhodesia adopted by the United Nations, we find ourselves in the predicament of looking to the Soviet Union for significant quantities of chrome ore, and denying ourselves that which could be available from Rhodesia.

It will be noted that H.R. 7799, and similar bills, make no specific reference to Rhodesia. The intent is to deal also with similar situations which might occur in the future, involving other nations. As set forth in the title of the bill, it is "to amend the United Nations Participation Act of 1945 to prevent the imposition thereunder of any prohibition on the importation into the United States of any strategic and critical material from any free world country for so long as the importation of like material from any Communist country is not prohibited by law."

It may be argued that we should not modify our support of the United Nations in this way, but I believe that the more realistic view is that our foreign policy—including the nature and degree of our participation in the activities and positions of the United Nations—must serve the overall best interests of the United States.

No diplomatic niceties should be permitted to override this consideration.

The essential facts are these:

1. We must import chrome ore.
2. Rhodesia, an anti-Communist entity, has abundant ore to sell, but we refuse to permit entry of its ore, although it is freely available at a reasonable price.

prohibition on the importation into the United States of any metal-bearing ore from any free world country for so long as the importation of like ore from any Communist country is not prohibited by law."

The Department of State opposes these bills.

Section 5(a) of the United Nations Participation Act, which the proposed legislation would amend, enables the President to carry out the international obligations of the United States under the United Nations Charter. If sanctions are imposed under Chapter VII of the Charter, all Members of the United Nations are obligated by Article 25 of the Charter to comply with the Security Council decision imposing the sanctions. In the Senate Foreign Relations Committee Report on the United Nations Participation Act, the Committee said:

"The committee realizes that the powers proposed to be granted to the President under [section 5] . . . are very great: However, the basic decision in this regard was made when the Charter was ratified and this provision is simply a necessary corollary to our membership in this Organization. The committee also believes that the Security Council must be placed in the most effective position possible to act under article 41 since the prompt and effective application of economic and diplomatic sanctions by all the United Nations (or even the threat or possibility thereof) may avoid the necessity for the use of the armed forces available to the Security Council.

The better prepared this country is to participate promptly in action of this kind, the more effective will be the Security Council and the more hope there will be that the United Nations may serve its major purpose, namely, the prevention of armed conflict."

The Department of State is concerned that any limitation of the authority of the President to carry out mandatory sanctions decided by the Security Council would decrease the effectiveness of the United Nations and might at some point result in the United States being unable to satisfy its treaty obligations.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

Sincerely yours,

DAVID M. ABSHIRE,
Assistant Secretary for Congressional Relations.

Our witnesses for today's hearing include, from the Department of State, John A. Armitage, Director of the Office of U.N. Political Affairs in the Bureau of International Organization Affairs, and Joseph B. Kyle, Director of the Office of International Commodities.

From the Office of Emergency Preparedness we have William N. Lawrence, Chief of the Stockpile Policy Division. Mr. Lawrence is accompanied by his assistant, Louis Need.

We will begin with Mr. Armitage who is accompanied by Oliver Crosby, Country Director for Rhodesia and South Africa.

STATEMENT OF JOHN A. ARMITAGE, DIRECTOR, OFFICE OF U.N. POLITICAL AFFAIRS, BUREAU OF INTERNATIONAL ORGANIZATIONS AFFAIRS, DEPARTMENT OF STATE

Mr. ARMITAGE. Thank you, Mr. Chairman.

It is a pleasure for me to appear before you today on behalf of the Department of State to testify on the several resolutions now before this committee dealing directly or indirectly with our general policy toward Southern Rhodesia and, in particular, the question of United Nations economic sanctions.

I am joined by two colleagues from the Department of State. Mr. Joseph Kyle, the Director of the Office of International Commodities in the Bureau of Economic Affairs, will speak to the question of chrome supply and its relationship to the sanctions program.

3. Soviet Russia, a Communist nation, likewise has abundant ore, and we are buying, but have no security as to a continuing supply.

4. Because of a position of the United Nations which does not recognize the de facto independence of Rhodesia, we rely on a Communist source for a strategic and critical material, in preference to a free world source.

I believe H.R. 7799 would make appropriate correction of an indefensible situation, and preclude its recurrence.

STATEMENT OF HON. WILLIAM F. RYAN, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF NEW YORK

Mr. Chairman, I appreciate the opportunity to present testimony regarding House Resolution 45, which I introduced on the first day of the 92d Congress, concerning Rhodesia. At present, the United States is participating in the United Nations mandatory sanctions program levied against Rhodesia. My resolution supports this program, and is consonant with the present policy, as most recently stated by the President and by the Secretary of State in their respective foreign policy reports to the Congress this year. In addition, your committee has received, by letter of June 17, a report from the Department of State reiterating support for this policy and support for House Resolution 45.

The existing situation in Rhodesia is unconscionable. Since the unilateral declaration of independence issued by Prime Minister Ian Smith on November 11, 1965, there has existed, by law, a system of inequality and iniquity sustained and supported by a distinct and callous minority. Five percent of the Rhodesian population—the 5 percent that is white—holds total political power over the remaining 95 percent of the population—that is the blacks of Rhodesia. This blatant disregard for self-determination and majority rule constitutes the sole foundation for the existence of the present Rhodesian Government. It must not continue.

After the Rhodesian Declaration, the United Nations General Assembly and Security Council passed resolutions in 1965 which “asked all nations to refrain from recognizing the State of Rhodesia and to refrain from assisting Rhodesia until the right of self-determination had been established.” The United States complied with these United Nations resolutions and President Johnson made it clear in his address of May 26, 1966, marking the third anniversary of the Organization of African Unity, that “as a basic part of our national tradition we support self-determination and an orderly transition to majority rule in every quarter of the globe. These principles * * * guide our policy today toward Rhodesia. * * * The foreign policy of the United States is rooted in its life at home. We will not permit human rights to be restricted in our own country. And we will not support policies abroad which are based on the rule of minorities or the discredited notion that men are unequal before the law. We will not live by a double standard—professing abroad what we do not practice at home or venerating at home what we ignore abroad.”

On December 16, 1966, after the Rhodesian Government had refused to amend its voting regulations so as to comply with the 1965 United Nations Resolution and enable self-determination by means of the vehicle of universal adult suffrage the United Nations Security Council, without dissent, voted to impose economic sanctions against Rhodesia.

By Executive Order No. 11322, President Johnson, on January 5, 1967, complied by instituting an embargo on specified trade with Rhodesia. Through this Executive order, the President was acting in compliance with article 25 of the United Nations Charter, which specifies that a member nation is obligated “to accept and carry out decisions of the Security Council.”

President Nixon has stated that the United States supports the sanctions program, and will abide by the measures suggested by the United Nations. Thus, we have banned oil shipments, canceled sugar allotments, stopped the export of petroleum products, and have sought new sources for our supply of lithium, asbestos, and chromite. The Department of State published, in its bulletin of March 1967, that “As a result of the economic sanctions, major United States exports to Rhodesia were reduced from a total of \$23 million in 1965 to \$6.5 million in the first 10 months of 1966.” In addition total American imports were down by one third by the end of 1966.

The resolution which I introduced—House Resolution 45—affirms support for U.S. participation in the program of sanctions voted by the Security Council of the United Nations until the principle of majority rule is in effect for all the people of Rhodesia. The Department of State has reported favorably on House Resolution 45. The United States must continue to refuse to recognize the present Rhodesian Government. The failure to provide self-determination and majority rule and the threat to peace posed by the imposition of an oppressive minority white regime on the people of Rhodesia make it imperative that the Congress adopt House Resolution 45.

STATEMENT OF HON. BOB SIKES, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF FLORIDA

Mr. Chairman, I am a cosponsor of H.R. 5445, introduced by the Honorable James Collins.

The aim of this bill is simple, but the issue which brought about the necessity of its introduction is complicated and strikes at the heart of whether this Congress or the United Nations is to determine the foreign trade policies of the United States.

H.R. 5445 resolves three basic issues:

(1) All free countries of the world are to be considered available sources of supply for critical, strategic materials to the United States.

(2) Russia is to be treated impartially and on the same basis as other nations of the world.

(3) The U.S. supply of a critical ore, namely chromium, will be restored and we will no longer be so greatly dependent on Russia and our own short reserves for our supply of this material.

The situation with regard to chromium ore resulted when the people of Rhodesia declared their independence from Great Britain in 1965. At the time, the British had imposed certain restrictions under which independence would be granted. These restrictions were not compatible with the then existing Rhodesian Constitution, and thus were unacceptable to the Rhodesian people.

At the urging of Britain, the United Nations adopted certain trade sanctions in an effort to force Rhodesia back into the colonial nest of Britain.

Amazingly, the President of the United States went along with this United Nations resolution and in an Executive order dated in 1968, agreed to the mandatory United Nations embargo against Rhodesia.

The fact is, Mr. Chairman, that the U.S. Constitution clearly spells out in article 1, section 8, that "The Congress shall have the power to * * * regulate Commerce with Foreign Nations."

While there remains serious question on the legality of the President's Executive order, that is not the issue before us today.

The issue here is H.R. 5445, which will, in effect, rescind the Executive order dealing with Rhodesia and will stabilize our supply of an ore which is in short supply.

Since the U.S. decision to refuse to trade with Rhodesia, we have relied primarily on the Soviet Union to supply us with chromium ore. The price has soared from \$31 a ton to \$72 a ton.

This price increase is reflected in increased consumer costs for products containing stainless steel, the chief user of chromium ore.

Further, much of our defense effort relies on chromium, a metal essential to missiles, aircraft, ships, and a host of other defense needs.

Thus we find ourselves struggling to defend ourselves against communism while relying almost exclusively on the Communists to supply us with one of our most urgent requirements in metals.

Significantly, the Russians now are purchasing great quantities of chromium ore from Rhodesia. It is very possible the same ore is being transshipped to the United States at a handsome profit to Russia.

I respectfully urge favorable action on H.R. 5445 and/or other bills under consideration which will give the United States the right to buy critical materials from any free country.

We should not restrict our trade policies in order to help Britain resolve a problem with a former colony. Rhodesia is no threat to world peace and has, in fact, been one of the most active nations in resisting Communist influence.

We should not further penalize the people of Rhodesia in their desire to be free, hamstringing ourselves in assuring an adequate supply of chromium ore, and pay inflationary prices in order to purchase this ore from a country which has vowed to destroy us solely to satisfy the British.

Rhodesia is Britain's problem, if indeed a problem actually exists. It is not incumbent on the United States to knuckle under to the United Nations pressure to keep Great Britain's chestnuts from roasting in the fires of a people determined to be free.

STATEMENT OF MICHAEL D. JAFFE, CHAIRMAN, AMERICAN-SOUTHERN AFRICA COUNCIL, WASHINGTON, D.C.

I appreciate the opportunity to submit this statement on behalf of the American-Southern Africa Council, a voluntary American organization dedicated to promoting friendly relations between this country and the freedom-loving nations and peoples of Southern Africa.

The Council is solely supported by individual Americans who are deeply concerned about the disastrous African policies being pursued by our Government, and who want those policies abandoned in favor of a more realistic approach more in keeping with the best interests of the United States. Although we are concerned with American policy as it relates to the entire southern African sub-continent, our primary focus of attention has been on Rhodesia, which is on the front line of the liberal-Communist drive to destroy freedom and Western civilization in a vital area of the world.

When the Nixon administration closed the American Consulate in Salisbury in early 1970, the Council responded by opening an American information office there, under the name of "ASAC Information Centre." Last Christmas we raised a small amount of money in this country for the use of a worthy medical rehabilitation center in Rhodesia. We have attempted to challenge the constitutionality of the present sanctions policy, and we have worked to enlighten public opinion on the need for congressional action forcing the administration to abandon its senseless and self-defeating anti-Rhodesian crusade.

This committee is to be commended for its initiation of these hearings. American foreign policy since the end of World War II has consistently been conducted with minimum regard for the interests of the United States. But there is no precedent for the current administration's ludicrous policy of refusing to allow American industries to import chromite from their own mines in Rhodesia, thus forcing us to become increasingly dependent on the Soviet Union, a nation which has never given up its avowed goals of world conquest and enslavement of the American people.

We enthusiastically support, therefore, H.R. 5445, and equivalent legislation also before the House at this time. The Council's position remains in full support of a total end to sanctions against Rhodesia and full American diplomatic recognition of that country. We regard the legislation under consideration by this hearing as an urgent first step toward that goal.

Taking first things first, we believe that Congress must determine whether the present policy with regard to importation of Rhodesian chromite poses a danger to American national security. If such is the case, it would follow that Congress has a clear duty to force the administration to abandon that policy. This would be true regardless of any individual's feelings, one way or the other, about Rhodesia's domestic affairs.

Representatives of American industries directly concerned with problems caused by the increasing shortage of chromite have given this subcommittee ample proof that the Rhodesian sanctions policy is detrimental to the national security of the United States. We will not repeat this factual evidence, which has never been effectively rebutted by administration spokesmen, because it cannot be rebutted.

I do feel it appropriate, however, to call the subcommittee's attention to the administration's unfortunate tendency to avoid coming to grips with the truth about this issue, and its absurd double standard in dealing with the nations of the world.

The administration appears to take the position that its anti-Rhodesian crusade must be maintained regardless of the cost to America, and regardless of the distortions of the truth to which it must resort in defending its policy. In considering this latter aspect of the administration's approach, it is illuminating to

consider briefly the testimony given to this subcommittee on June 17 by Mr. Joseph B. Kyle, Director of the Office of International Commodities:

(1) Mr. Kyle stated: "With respect to imports of Soviet chrome ore * * * these purchases did not result solely from the imposition of Rhodesian sanctions nor * * * does the Soviet Union enjoy a monopoly position in this market." He goes on to state that, since the imposition of sanctions, the U.S. has imported 51 percent of its chromite supply from the Soviet Union, "while increasing purchases from other producers such as Turkey and South Africa."

This administration official conveniently ignores the Bureau of Mines tabulation showing that, in each year since sanctions, Communist Russia has accounted for from 57 to 59 percent of our imports of metallurgical grade chrome ore. He conveniently ignores the fact that Rhodesia has close to 70 percent of the world's reserves of metallurgical grade ore. He conveniently ignores the fact that Turkey (which accounts for only 2 percent of the world's reserves) has contracted to supply Japan with a large percentage of its output, thus eliminating itself from competition for a larger share of the American market. He conveniently ignores the fact that American industry does not consider the South African ore to be an acceptable substitute for Rhodesian ore.

(2) In attempting to justify the outlandishly high Russian price for chrome ore (\$72 per ton as compared to the presanctions Rhodesian price of \$31 per ton), Mr. Kyle made two points. First, he stated that "Soviet ore has traditionally brought premium prices because it is generally superior to ores from other sources." He then attempted to blame the high Communist price on "inflation."

Once again, truth was the victim of the administration's desparate attempt to maintain its boycott of Rhodesia. As to the first point, industry spokesmen have repeatedly made it clear that Rhodesian chromite is vastly preferred to Russian, even at equal prices. And, flying in the face of Mr. Kyle's statement that Russian ores have "traditionally brought premium prices" is the fact (again from Bureau of Mines figures) that, in the three years preceeding the imposition of sanctions, the Russian price was slightly lower than the Rhodesian price. As to the second point, inflation can account for only a minor part of the 150 percent jump in the price of chromite since the imposition of sanctions. This can be demonstrated by comparing the rise in the price of chromite with figures for other strategic minerals during the same time period. The increase in the chromite price is the clear and direct result of our Government's deliberate policy of fostering a favored semimonopoly position for the Soviet Union.

(3) Mr. Kyle, on behalf of the Nixon Administration, stated: "* * * In our opinion adequate supplies of chromite are available to American industry at the present time."

The administration itself has demolished this "argument," by its action in requesting congressional authority to release 30 percent of the chrome ore in our strategic stockpile for sale to domestic industry. The stockpile was established by law for the purpose of insuring a supply of vital strategic minerals in the event of war, or other national emergency, cutting us off from foreign sources. It was never intended that an administration be permitted to play games with the stockpile in the furtherance of its questionable ideological prejudices.

Furthermore, I believe the subcommittee will want to recall testimony given before this committee's African Affairs Subcommittee on October 31, 1969, by Mr. Fred Russell, Deputy Director of the Office of Emergency Planning: "Assuming that the U.S.S.R. would continue to ship chromium ore to the United States at the present level indefinitely, realizing that the other known amounts of chrome ore elsewhere in the world gradually are becoming exhausted, and knowing that U.S. needs are increasing each year. *there is no way to see the chromium ore needs of the United States being met with chromium ore from Rhodesia.*" (Emphasis added.)

(4) Presumably to add comic relief, Mr. Kyle stated: "With respect to continued supplies of chrome ore under the Rhodesian sanctions program, I would point out that chrome purchases in the United States are in the hands of private American firms and reflect private commercial decisions."

It hardly needs to be pointed out that any firm making a "private commercial decision" to import chrome ore from its own mines in Rhodesia, instead of purchasing from the Administration's favored suppliers in Communist Russia is subject to a fine of up to \$10,000, and its officers are subject to prison terms of up to ten years.

RHODESIA AND RED CHINA

While refusing to alter its anti-Rhodesian policy, even to the limited extent provided for by the legislation under consideration, the administration is actively working to promote and expand trade between this country and our deadly Communist enemies. In addition to its promotion of Russian chromite sales, and its general encouragement of trade with the Soviet Union, the Administration's new Red China policy stands in stark contrast to its boycott of anti-Communist Rhodesia. Here are just a few examples of the incredible double standard which is currently the official policy of the United States:

(1) The President announced on April 14 that the State Department is prepared to "expedite" visas for visitors and groups of visitors from Red China to the United States. But holders of Rhodesian passports, including persons who have fought alongside Americans in World War II, are not permitted to enter this country.

(2) President Nixon has announced the relaxation of U.S. currency controls to permit the use of U.S. dollars by Communist China. But he has refused to relax his sanctions regulations which prevent normal financial transactions between the United States and Rhodesia.

(3) The President has lifted restrictions which prevented American ships and aircraft from carrying Red Chinese cargoes, or calling at ports on the Communist controlled Chinese mainland. But he persists in applying these same restrictions to Rhodesia, under penalty of fine and imprisonment.

(4) The President persists in demanding that the American people recognize the importance of bringing Red China "into the world community." His hand-picked Presidential Commission on the United Nations has urged the admission of Red China into the U.N., and the adoption of a "two-China policy" by the United States. At the same time, the administration continues its unconscionable campaign to isolate Rhodesia from the world community.

(5) While continuing and intensifying its Rhodesian sanctions policy, the administration has ended the embargo on American trade with Red China. On January 7 of this year, the Commerce Department authorized the sale to Red China by General Motors of two giant earth-moving vehicles. These are to be used by the Chinese in Zambia, in connection with construction of the "Tanzam Railroad," a project designed to promote Chinese infiltration of the African Continent. On June 10, the President issued a long list of items which American businessmen can now sell to the Chinese Communists.

WHY THE RUSSIANS SELL CHROME ORE TO THE UNITED STATES

During the course of these hearings, the question was raised as to why, if chromite is so vital to our national security, the Soviet Union is willing to sell it to us. One answer, of course, is the exorbitant profit on these forced transactions. An even more significant answer, however, was given by Representative Collins in introducing H.R. 5445:

"The more dependent we become on Russia for our resources, the more vulnerable becomes our national security. We must not be blind to the fact that this fits right into the Russian General Logarski's theory in his book, 'Strategy and Economics,' in which he expounds his 'weak-link commodity' theory. This theory explicitly calls for Russia to develop strategic material markets until other countries slowly develop a weak link in their own supply line, thus becoming completely dependent on Russia. We are doing just this and handing Russia a powerful weapon."

The Council believes that the Congress should keep this Communist strategy in mind when considering whether to end sanctions on Rhodesian chrome ore. There is no question but that we are allowing the Soviet Union to approach a monopoly position with respect to our chrome ore supply. If the administration chooses to keep its head in the sand on this issue, we believe that Congress has a responsibility to act.

CONDITIONS IN RHODESIA

The facts presented above, along with the information brought out by these hearings, should leave no doubt that the national security of the United States demands enactment of this legislation. Opponents of the internal policies of the

Rhodesian Government should, in the interest of our own security, be willing to put aside their ideology and join in support of H.R. 5445.

Since the truth about Rhodesia has been so distorted that many people in this country apparently view the overthrow of the Rhodesian Government as a higher priority goal than protection of American security, I feel that it would be helpful to briefly point out some facts on conditions in Rhodesia as they really exist. Because the focus of anti-Rhodesian propaganda has been on that country's racial policies, we will concentrate on that aspect of the picture.

(1) Black Rhodesians participate freely in the nation's political life, and their participation will increase as their educational level, and contribution to the economy, increases. The new Rhodesian Constitution, adopted in 1970, incorporates the traditional African tribal structure, and the tribal chiefs play an important part in Rhodesian Government. It should be noted that the African people look to the chiefs for leadership. The pro-Communist "African nationalist leaders" who advocate revolution in Rhodesia have their support in our State Department and in the United Nations, rather than among the African people.

(2) Ten chiefs serve as members of the Rhodesian Senate, and 16 Black Rhodesians are members of the House of Assembly (the lower house of Parliament). Africans serve in the armed forces and in the police, where they play an important part in combatting the Communist-led terrorism which is incited and encouraged by the United Nations and liberal elements in the United States. Seventeen percent of Rhodesia's civil servants are Africans.

(3) When Rhodesia was settled 80 years ago, there were only 400,000 Africans living in the area. Due to the introduction of modern medical care, the control of disease, and the elimination of famine and tribal warfare, the African population of Rhodesia has grown to well over 4 million. These Africans enjoy the best (along with South Africa) medical care on the African continent, served by modern hospitals and clinics and highly trained medical personnel. Rhodesia has one physician for every 4,300 persons, as compared to one physician for every 18,738 in Ghana and one for every 29,700 in Mali.

(4) In the field of education, Rhodesia's Africans are far ahead of those in any of the so-called "emerging nations" of Black Africa. The ratio of children in school to total population is 1 in 6 in Rhodesia. This compares with 1 in 26 in Guinea; 1 in 64 in Mali; and 1 in 71 in Ethiopia. Rhodesian Africans with ability and initiative can receive a Government-supported education through the university level.

(5) Rhodesian legislation reserves half of the land area of the country for the exclusive use of the African population, protecting Africans from unfair competition. This area includes a proportionate share of the country's best agricultural land. Africans are being trained in modern farming techniques, as well as being given all possible encouragement and protection in their business enterprises.

(6) It should be carefully noted that white Rhodesians pay well over 95 percent of the tax revenue to support the numerous programs benefiting the African population. If our State Department has its way and white Rhodesians are driven out of their country, the Africans would quickly revert to the helpless state in which the Rhodesian pioneers found them in 1890. This, of course, would leave the door wide open to Communist domination which, it appears to us, is the primary motivation behind the anti-Rhodesian agitation so prevalent in this country.

I spent three weeks in Rhodesia last year, and I can testify from personal observation that the American press has badly distorted the picture of conditions there. An American visitor to Rhodesia cannot help but be impressed by the tremendous progress being made by the Rhodesian people, of all races, in the face of a worldwide conspiracy aimed at the destruction of their economy.

Far from being destroyed, the Rhodesian economy is flourishing in an atmosphere where free enterprise is government policy and individual initiative is an integral part of the way of life. While it is true that sanctions have caused certain dislocations in the economy, they have also conferred long-term benefits on Rhodesia by making necessary the development of hundreds of new domestic industries. This industrial development will serve the country well long after sanctions are forgotten.

While I cannot claim expertise in the area of international trade, it was obvious to me, as to every foreign observer in Rhodesia, that the United States is virtually alone in the world in blindly abiding by the United Nations sanctions orders. As just one example, American automobiles, although popular in Rhodesia before

sanctions, are now few and far between. But one cannot do much walking or driving in Salisbury without being struck by the large number of new Renaults, Toyotas, and Fiats cruising the streets. I have no idea where these cars materialized from, but it is apparent that a number of our allies (equally committed on paper to the U.N.'s mandatory sanctions) are profiting from under-the-table trading with Rhodesia while encouraging "Uncle Sucker" to religiously obey the U.N.'s orders.

We became involved in this mess in the first place at the behest of the British Government. It was quite surprising, therefore, to find on Baker Avenue in Salisbury a large street-front office of BOAC, an airline owned by the very same British Government. BOAC advertises in the Rhodesian press, and has recently rearranged its schedules to provide convenient departures for Rhodesian passengers through nearby Blantyre, Malawi.

Zambia, one of the African nations making the most noise about "liberating" Rhodesia is in violation of the U.N.'s mandatory sanctions policy every day of the year. Zambia's trade with Rhodesia is substantial, and it is well known that, if not for Rhodesian assistance, the Zambian railway system would have collapsed several years ago. A large percentage of Zambia's power is supplied by the Rhodesian generating plant at Kariba.

It should be noted that the Rhodesian Government's claim to the loyalty of the overwhelming majority of Rhodesia's Africans can be confirmed by anyone willing to take the trouble to talk to the Africans in question, instead of listening to speeches about them in the United Nations. I spoke to numerous Africans, in all walks of life, and not one had the least bit of use for the sanctions imposed on their country. As in any democratic country there are differences of opinion as to specific government policies, but Rhodesians of all races are unanimous in the view that Rhodesia must be left alone to solve its own problems.

The peacefulness and stability prevailing in Rhodesia have already been commented upon in these hearings. Law and order is maintained by a police force made up largely of Africans. It is possible to walk, alone and unarmed, anywhere in Salisbury, in full safety. This includes Harari, the large African township on the outskirts of the city. In view of the law and order situation in our nation's capital, one cannot help but be struck by the irony of Rhodesia's policies being judged in Washington, where to walk alone after dark within five blocks of the Capitol is to take your life in your hands.

The atmosphere of stability in Rhodesia is appreciated by no group more than by the Africans. They know what terrorism is, having been subjected to a good dose of it by "African nationalist" groups such as ZAPU and ZANU before the government cracked down in the early 1960s. I have personally spoken to Africans who deeply resent the actions of the U.S. Government designed to create violence and anarchy in Rhodesia. They know, if the geniuses in our Administration and its State Department do not, that the maintenance of civilized standards is essential to their own best interests.

In conclusion, I repeat the American-Southern Africa Council's strong support of H.R. 5445 (and equivalent bills). The Nixon administration, unable to effectively answer the arguments for an end to sanctions on Rhodesian chromite, tells us that it must continue its misguided policy because the United Nations mandatory sanctions are binding on us. We trust that the United Nations Security Council has not replaced the Congress of the United States as this Republic's lawmaking body, and we urge Congress to act on this legislation to safeguard the national security of the United States.

Also prepared to assist in responding to the subcommittee inquiries is Mr. Oliver Crosby, the Director of the Office in the Bureau of African Affairs dealing with Southern Rhodesia and the remainder of Southern Africa.

Before presenting the Department's position on the resolutions before you, I would like to discuss briefly the administration's position on Southern Rhodesia.

United States policy toward Southern Rhodesia is based on the principles of self-determination, eventual majority rule and the granting of basic rights to the 5 million citizens of Rhodesia who are black.

As President Nixon stated in his Report on U.S. Foreign Policy for the 1970's of February 25, 1971:

Both our statements and our actions have, or should have, made it patently clear to all concerned that racism is abhorrent to the American people, to my administration and to me personally. We cannot be indifferent to apartheid. Nor can we ignore the tensions created in Africa by the denial of political self-determination. We shall do what we can to foster equal opportunity and free political expression instead. We shall do so on both moral and practical grounds, for in our view there is no other solution.

The United States and an overwhelming majority of the members of the United Nations favor eventual independence for Southern Rhodesia.

The British Government, which is the sovereign power responsible for the inhabitants of this territory, likewise wants independence for Southern Rhodesia. However, that Government has refrained from granting independence to Southern Rhodesia now because the Rhodesian regime has rejected movement toward eventual majority rule.

The Smith regime in 1965 not only refused to commit itself to such a course of action but attempted in November of that year unilaterally to declare itself independent on a basis that would indefinitely perpetuate minority rule.

The British Government declared illegal that declaration of independence and sought the assistance of the United Nations in bringing an end to the rebellion of that regime.

Since that time we have joined with the British and other United Nations member states in support of a number of peaceful measures designed to bring an end to the rebellion and to influence the regime to change its policies and move toward majority rule.

Specifically, we supported the Security Council's resolution of November 12, 1965, which condemned the illegal Smith regime. We also supported the Council's resolutions of December 16, 1966; May 29, 1968; and March 18, 1970 which called on all member nations to impose economic sanctions—first selective and subsequently comprehensive—against Rhodesia.

In accordance with the authority embodied in the United Nations Participation Act, executive orders were subsequently issued to carry out the mandatory provisions of those resolutions with respect to the United States.

We have on the other hand consistently opposed the use of force to bring a settlement to the Rhodesian problem. On May 17, 1970, the same day we closed our Consulate General in Salisbury, the

United States vetoed a U.N. Security Council resolution which advocated the use of force against Southern Rhodesia and contained other provisions with which we could not agree.

We continue to oppose the use of force against Southern Rhodesia.

It is apparent that the U.N. sanctions program has not yet achieved its goal. The British efforts to date, first in 1966 and again in 1968, to reach an acceptable agreement with the Smith regime on the basis of eventual majority rule were unsuccessful.

The sanctions program, however, has not been without effect. It has resulted in a reduced rate of growth of the Rhodesian economy and most recently in a serious shortage of foreign exchange.

As the President said, again in his February 25 report:

We have reaffirmed and continue to enforce the economic sanctions against Rhodesia, and we have sought ways to ensure a more universal compliance with those sanctions.

We have followed this policy not to punish or visit retribution on the Smith regime, but in an effort to persuade the regime to change its policies and to pave the way for a settlement with Britain. We are still hopeful that this effort will be successful.

At the moment the British Government is again exploring the possibility of reaching an agreement with the Smith regime. We fully support their efforts in this regard and hope that they will lead to an agreement whereby all the people of Southern Rhodesia can exercise their right of self-determination and be welcomed into the community of nations. Sanctions could then be brought to an end.

With this general overview of our policy with regard to Southern Rhodesia, I would now like to turn to the specific proposals before this committee.

Since the Department has been requested to submit written reports on a representative sampling of the resolutions before you and has done so in its letters to Chairman Morgan dated May 14, 1971, and June 17, 1971, I will not attempt to provide a detailed comment on all these proposals.

The Department is opposed to all but one of the resolutions before this subcommittee. The exception is House Resolution 45, a resolution supporting both U.S. participation in the United Nations mandatory sanctions program on Rhodesia and the principle of majority rule by all the people of that territory. This resolution reaffirms present U.S. policy as recently stated by the President and the Secretary of State. We urge its enactment.

The remaining resolutions before the subcommittee all contain proposals which in one manner or another are contrary to U.S. policy. Some are limited to provisions that it be declared the sense of the Congress that the United States either terminate its participation in the United Nations sanctions program, or beyond that, resume "normal trade" with Southern Rhodesia and accord its Government full recognition and diplomatic and consular rights.

Others resolve that the President be authorized and directed to declare that the United States will no longer abide by the sanctions program. Still others propose an amendment to the United Nations Participation Act which would have the effect of invalidating the existing embargo on chrome imports from Southern Rhodesia so long as such imports are not prohibited from the Soviet Union or other Communist countries.

All of these proposals, as I have indicated, appear contrary to the U.S. policy interests. We view it as a matter of particularly serious concern that these resolutions could call into question our will to fulfill our treaty obligations. The Department of State opposes these proposals and urges that they not be enacted.

Without attempting to discuss all aspects of these proposals, I would like to touch on some of the issues which they have raised.

Most importantly, if the United States were to act as recommended in these resolutions, it would be in violation of international treaty obligations which it freely undertook when the U.N. Charter was ratified. Under article 25 of the Charter the United States is obligated "to accept and carry out the decisions of the Security Council." The Security Council has taken such decisions in the form of the sanctions against Southern Rhodesia which it is empowered to impose under the terms of chapter VII of the Charter, and the United States participated in and supported the resolutions in question in 1966, 1968, and 1970.

On a related point, some of the resolutions before the subcommittee state that the Congress is vested with sole authority to regulate foreign commerce under the Constitution, while the only authority delegated by the Congress to the executive branch concerns the control of trading with the enemy.

These resolutions appear to have lost sight of the fact that Congress in the U.N. Participation Act of 1945 empowered the President to take just such actions as those implementing the Rhodesian sanctions.

Section 5(a) of the act, as amended, authorized the President "to regulate or prohibit * * * economic relations" when the United States is called upon to apply mandatory sanctions under article 41 of chapter VII of the Charter. It is worthy of note that the Senate Foreign Relations Committee in its reports on the U.N. Participation Act specifically recognized the extent of the authority which was thereby being granted to the President, and approved these provisions as consistent with our acceptance of the U.N. Charter and in our national interests.

In addition to the specific effects which the proposed amendments to the U.N. Participation Act would have on our existing obligations in the Rhodesian situation, the Department is also concerned that any limitation of the President's authority to carry out mandatory sanctions decided by the Security Council would undermine the authority, prestige and effectiveness of the United Nations.

Some of the resolutions refer to the positive achievements of the Smith regime. As stated earlier, however, our policy with regard to Southern Rhodesia is based primarily on that regime's action to deny an effective voice to its African majority in the determination of Rhodesia's future.

The actions of the regime in 1965, and subsequently, were expanded in 1970 with the introduction of a new constitution explicitly institutionalizing white minority control and racial discrimination.

In late 1970, the regime announced plans to introduce legislation on racial restriction on residential areas and on race classifications patterned on the South African model. Such acts will bring Southern Rhodesia even closer to South African style apartheid. As this administration has made clear, this is abhorrent to this country.

Some of the resolutions refer to Rhodesia as a sovereign power and also charge that the United Nations and United States actions constitute interference in internal affairs of a state.

The international community is of the view, which we share, that the United Kingdom is the sovereign power in Southern Rhodesia. Of the 21 countries which maintained some form of consular representation in Rhodesia in 1965, only South Africa and Portugal continue to do so.

No country, not even South Africa and Portugal, has formally recognized the Smith regime or Rhodesian independence. The actions of the United Nations, which actions the United States supported and continues to support, were taken in response to the request of the sovereign power, the United Kingdom, and cannot be regarded as constituting interference in the internal affairs of any state.

These actions were also based on the Council's conclusion that a threat to the international peace and security existed as the result of the situation in Rhodesia.

Mr. Chairman, we are aware that the policy which we have followed with regard to Southern Rhodesia has not been conducted without some cost to the United States and to individual U.S. citizens and firms. With regard to the latter, we have sought to minimize these costs in the application of the sanctions.

However, we continue to believe that our policy, our continued advocacy of the right of self-determination and eventual majority rule for the 96 percent of the people of Rhodesia who are black, is both morally and practically in the interests of the United States.

We believe that our policy is a valid one and that the economic sanctions imposed by the United States on Rhodesia must be supported by the United States as an essential part of the effort to achieve an acceptable solution to the the Rhodesian problem.

Thank you, Mr. Chairman.

Mr. FRASER. Thank you very much.

Perhaps we should next hear from Mr. Joseph B. Kyle, Director, Office of International Commodities, Bureau of Economic Affairs, and then following that, we will hear from Mr. Lawrence.

STATEMENT OF JOSEPH B. KYLE, DIRECTOR, OFFICE OF INTERNATIONAL COMMODITIES, BUREAU OF ECONOMIC AFFAIRS, DEPARTMENT OF STATE

Mr. KYLE. Thank you, Mr. Chairman.

Mr. Chairman, members of the subcommittee, my name is Joseph B. Kyle. I am Director of the Office of International Commodities in the Department of State.

I will comment this afternoon on several aspects of the U.S. market for chrome as these relate to the Rhodesian sanctions program. My remarks will be directed toward a discussion of the supply and demand for chrome ore, the question of U.S. dependency on imports of chrome ore, and, lastly, the effect which a continuation of the sanctions program will have on supplies of chrome for our domestic metallurgical industry.

Chrome is one of the 12 Rhodesian products covered by the U.N. Security Council's decision of December 16, 1966, to impose selective mandatory economic sanctions against the British Colony of Southern Rhodesia.

There are three basic grades of chrome ore: metallurgical, refractory, and chemical grade. Of these, metallurgical grade ore accounts for two-thirds of U.S. consumption of chrome; it is an essential ingredient in the production of stainless steels.

Rhodesia possesses major reserves of metallurgical grade chromite as does the Soviet Union and Turkey. In the year 1965, prior to the imposition of sanctions, the United States imported 36 percent of its chromite for metallurgical uses from Southern Rhodesia and 35 percent from the Soviet Union.

Reserves of commercial exploitable chromite in the United States are insignificant and the process of beneficiation, or raising our low-grade deposits to a level of chrome concentration suitable for use in the metallurgical industry, would be inordinately expensive.

Thus, for all practical purposes, the United States is dependent upon imports to meet the domestic demand for metallurgical grade chrome ore.

I will now turn to a review of the world supply position in chrome. The major sources of supply traditionally have been the Soviet Union, South Africa, Turkey, and Southern Rhodesia. The Philippines supply much of our refractory grade chromite, and Iran, Pakistan, and India are residual suppliers of chrome ores.

World production of chrome from all sources is currently estimated to be between 5 and 5½ million short tons per year. U.S. consumption of all grades in 1970 was just under 1.4 million tons. Of this figure, consumption of metallurgical grade chrome was 900,000 tons, of which imports accounted for 98 percent, or 885,000 tons. Industry stocks of all grades of chrome ore at the end of 1970 were approximately 730,000 tons and at the end of the first quarter in 1971 stood higher at 800,000 tons. Thus, an increase in stocks of 70,000 tons has occurred since the end of the year, but in metallurgical grade chrome there has been an increase of 104,000 tons in stocks. The current chrome supply situation, therefore, suggests an approximate balance with U.S. demand requirements for 1971.

I might add parenthetically, the reason it went up 70,000 tons, yet metallurgical went up 104,000 tons, is because there has been a larger drawdown in the chemical grade.

With respect to U.S. imports of Soviet chrome ore, I would note that these purchases did not result solely from the imposition of Rhodesian sanctions nor, as I already have mentioned, does the Soviet Union enjoy a monopoly position in this market.

In the years immediately prior to sanctions, Rhodesia and the Soviet Union each accounted for about one-third of U.S. imports of metallurgical grade chromite. In the period since sanctions were imposed the United States has imported approximately 51 percent of its supplies from the U.S.S.R., while increasing its purchases from other producers such as Turkey and South Africa.

Soviet ore has traditionally brought premium prices because it is generally superior to ores from other sources, although problems frequently occur with these physical properties. It contains an average chromic oxide content of 54-56 percent and has a 4-to-1 chrome/iron ratio, whereas Rhodesian, Turkish, and Iranian chromes average 46-48 percent chromic oxide and have a 3-to-1 chrome-to-iron ratio.

Prices quoted for 1971 deliveries of metallurgical grade chrome by the principal producers reveal increases over 1970 quotations. However, there are difficulties in ascribing these price increases to any one factor or set of factors.

To begin with, significant price increases throughout the metallurgical industry have occurred in other raw materials during the past 4 years, most notably antimony, fluorspar, nickel, and tungsten. These increases have occurred because of strong demand for these important ores and inflationary trends in world prices.

Further, price differences between Soviet and Rhodesian chrome ore and between embargo and preembargo levels are not susceptible to close comparison. No current Rhodesian price is ascertainable, since Rhodesian chrome is not freely traded.

To compare 1971 Soviet ore prices with 1966 Rhodesian ore prices would be similarly misleading. While prices for Soviet chrome have doubled since 1966, lower quality chrome ores from other sources have also increased in price more or less proportionately to that for Soviet ore.

If I may return to a point made earlier, not only have purchases from the Soviet Union increased since sanctions were imposed, but our purchases from other sources have also risen. Higher prices for chrome ore have apparently stimulated greater production in chrome producing countries such as Turkey.

Since 1967, our imports of Turkish ore have more than doubled and in 1970 totaled 257,000 tons. In the period January-March 1971, chrome ore imports from Turkey amounted to over 108,000 tons, 67,000 tons of which was for metallurgical uses.

Should shipments from Turkey continue at this rate for the balance of 1971, Turkish chrome imports would be more than 400,000 tons for the year.

The rise in chrome ore prices has been a matter we have followed very closely. It is obvious that recent price increases reflect, in part, supply factors stemming from Rhodesian sanctions. However, I have attempted here to place these factors in the wider, and we think more accurate, perspective of a dynamic world market for raw materials in which many forces have been at work in recent years to increase costs.

With respect to continued supplies of chrome ore under the Rhodesian sanctions program, I would point out that chrome purchases in the United States are in the hands of private American firms and reflect private commercial decisions.

Within the metallurgical industry, there is wide variance in the position of companies due both to long-term purchase contracts and differing capability to utilize a wider mix of ores.

The matter of chrome ore supply in this country is kept under constant review by my office and other interested agencies within the executive branch. I would like to reiterate my earlier statement that in our opinion adequate supplies of chrome ore are available to American industry at the present time. While the supply condition could be characterized as tight, it is premature at this time to suggest that there is a shortage.

Thank you, Mr. Chairman.

Mr. FRASER. Thank you very much, Mr. Kyle.

Mr. FRASER. Now we will hear from Mr. William N. Lawrence, Chief, Stockpile Policy Division, Office of Emergency Preparedness. Mr. Lawrence.

STATEMENT OF WILLIAM N. LAWRENCE, CHIEF, STOCKPILE POLICY DIVISION, OFFICE OF EMERGENCY PREPAREDNESS

Mr. LAWRENCE. Thank you.

Mr. Chairman and members of the subcommittee, my name is William N. Lawrence, Chief of the Stockpile Policy Division, Office of Emergency Preparedness. I have with me today, Mr. Louis Neeb.

The Office of Emergency Preparedness is charged with the responsibility for establishing policy guidance for the administration of strategic and critical material stockpiles.

These stockpiles are designed to assure that the United States avoids costly and dangerous dependence upon foreign sources of supply for critical materials during a period of national emergency.

To accomplish this, OEP conducts analyses of expected supply and requirements situations for various materials.

These analyses cover a 3-year emergency period beginning not less than 1 nor more than 2 years in the future.

Estimated requirements for the period are projected on an economic model for the time period and are based on the capacity of industry to consume, taking into account necessary wartime limitations, conservation and substitutions measures.

Estimates of supply for the mobilization period are based upon readily available capacity and normal resources in the United States and upon other countries considered by the Department of Defense to be accessible in wartime.

The quantities of foreign supply included in the analysis of the U.S. potential position during a period of emergency are adjusted to reflect uncertainties involved in depending upon supply from the various foreign countries. Such analysis include the relationship of the foreign country to the United States, its location, and the transportation and other problems involved in assuring that material would be physically available to the United States.

Stockpile policy planning activities are coordinated through the Interdepartmental Materials Advisory Committee which include representatives of all the interested departments and agencies including the Departments of the Interior, Commerce, State, Agriculture, Defense, and Labor. Each of these departments is responsible for advising on the potential impact of stockpile policy actions upon their respective areas of responsibility. The Department of State is responsible for advising on international aspects of stockpile policy.

The Office of Emergency Preparedness approved a new review of the stockpile objective for metallurgical grade chromite on March 4, 1970. At that time the objective for this material was reduced from 3,650,000 short dry tons of chrome ore equivalents to approximately 3.1 million short dry tons of chrome ore equivalents.

In establishing the requirements and supply for this objective, ample allowance was made for any contingency that might arise in an emergency. This objective has been concurred in by the interested departments and agencies including the Department of Defense.

The primary reason for the chrome ore objective change was adoption of strategic guidance changes received in February 1970 from the Director of OEP. These changes include discontinuance of general application of concentration allowances for the domestic production facilities. Concentration allowances were previously included as protection against conventional attack on concentrated domestic production facilities. However, over the history of stockpile, there have been no such attack and it seems to be useless inclusion into the stockpile objective. The only purpose it served was to increase it. The decrease in the objective had nothing to do with foreign supplies or foreign chromite.

As of June 1, 1971, the uncommitted stockpile inventory held by the General Services Administration was approximately 5,350,000 short dry tons of chrome ore equivalent. With an objective of 3,100,000 short dry tons of chrome ore equivalents, there remains in excess approximately 2,250,000 short dry tons of chrome ore equivalent. Of this quantity, approximately 44,000 short dry tons of chrome ore was approved for disposal under subspecification authority, and 900,000 short dry tons of low grade chrome ore was approved for disposal under the Defense Production Act Authority. Its chrome chemical content is such that it is not readily usable, particularly in present economic conditions.

The passage of S. 773, a bill now pending in the Senate, would provide disposal authority for all remaining excess metallurgical grade chromite ore equivalents.

Disposal authorities for excess stockpile materials are regularly requested so that we may minimize costs of the stockpile program to the taxpayers. Much of the excess chrome disposal authority now being requested was also requested in 1966. At that time industry opposed disposal authority for the upgraded chrome forms and the disposal authority passed, Public Law 89-415, dated May 11, 1966, was limited to disposal of ore.

I have with me Mr. Lou Neeb of my staff who is familiar with stockpile management. We are ready for your questions.

Thank you.

Mr. FRASER. Thank you very much, Mr. Lawrence.

Let me just ask a couple of questions to help in my understanding of chrome. Metallurgical chrome is distinguished from other kinds in what way?

Mr. LAWRENCE. Principally by the fact of the chrome content in the ore, the metallurgical is 48 percent and above, chemical is 40 to 46 percent and refractory is around 34 percent.

Mr. FRASER. Are all of these capable of being refined?

Mr. LAWRENCE. No, they cannot. Refractory chrome would require sweeteners of fairly high-grade chrome to bring it up to a chrome content where it is, for metallurgical purposes, 48 percent. Chemical-grade ore was formerly considered unusable for metallurgical purposes, but it is well recognized that it is being used for metallurgical purposes today because the discrepancies in the percentage of chrome content are not great.

Mr. FRASER. The principal use of the chrome in the United States is for stainless steel?

Mr. LAWRENCE. Stainless, alloy steels, and high-temperature alloys.

Mr. ROSENTHAL. What consumer products use this kind of chrome?

Mr. LAWRENCE. Anything. You have stainless steel kitchen sinks, automotive trim, and that type of thing. I would say about 20 to 25 percent of all alloy steel and more particularly high-temperature alloys are used in defense applications.

Mr. FRASER. I get the impression, from the statements we have heard, that in terms of access by the U.S. industry to chrome, there is no difficulty.

Mr. LAWRENCE. I don't think there is any shortage of chrome available to the United States. The only problem that you have is the availability of chrome at a price.

Mr. FRASER. Mr. GROSS.

Mr. GROSS. Thank you, Mr. Chairman. I have so many questions, I don't know where to begin, but I might as well start with the last paragraph of Mr. Armitage's statement and ask what the cost has been to the United States for this unwise embargo that was embarked upon some time ago?

Mr. ARMITAGE. I don't believe I would be aware of any calculation that has been made. Would you, Mr. Kyle?

Mr. GROSS. Mr. Armitage, then why did you mention the cost? If there had been cost to the United States, as you say, why can't you put some kind of estimate on it? Can anyone appearing here put some kind of an estimate on what the cost has been to the citizens of this country?

Mr. KYLE. No, sir.

Mr. ARMITAGE. No, sir.

Mr. GROSS. How far are you going to go with this hearing, Mr. Chairman, under circumstances of that kind? Well, Mr. Armitage, perhaps here is a question you can answer.

You say on page 7 of your statement that on a related point, some of the resolutions before the subcommittee state that the Congress is vested with sole authority to regulate foreign commerce under the Constitution, and yet by law apparently—I am not acquainted with the history of it—Congress approved the U.N. Participation Act of 1945.

Can Congress, either indirectly through the U.N. or directly by law, alter the Constitution of the United States?

Mr. ARMITAGE. I wouldn't think so, sir.

Mr. GROSS. Would you think that this boycott has been based upon an illegal action of some kind either on the part of the Congress or the President of the United States?

Mr. ARMITAGE. No, sir. It has been my assumption that it is a constitutional act.

Mr. GROSS. That it is possible under the Constitution?

Mr. ARMITAGE. That the U.N. Participation Act was a constitutional act.

Mr. GROSS. An act of law, or under approval of the U.N. Participating Act, without amendment to the Constitution, which specifies that Congress shall regulate foreign commerce?

Mr. ARMITAGE. I am not a constitutional law expert, Mr. Gross, but I am not aware that the constitutionality of the act has been questioned.

Mr. GROSS. Has it been discussed in the Department of State? I don't suppose it has.

Mr. ARMITAGE. Not to my knowledge.

Mr. GROSS. On the subject of self-determination, is there self-determination in Russia?

Mr. ARMITAGE. Certainly not.

Mr. GROSS. Well, what are we talking about? When we apply sanctions on the basis of alleged denial of the right of self-determination, allegedly in Rhodesia, why then do we deal with a nation that denies self-determination?

Mr. ARMITAGE. Well, sir, I wouldn't want to defend the proposition that the U.N. has been able to act effectively in all situations in which there were things which we would desire to change, but insofar as the Rhodesian situation is concerned, there are some unique aspects to it in terms of the international obligations of the administering power to effect self-determination, and, when the sovereign power, which was the United Kingdom, brought this to the U.N., it had both the legal obligation and legal authority as the sovereign power to affect that turning over the authority to a Rhodesian Government which would meet the obligations they have undertaken as the administering authority.

Mr. GROSS. Well, that is a real, good State Department answer to a question that, as far as I am concerned, is unanswerable. I know of no way by which this country can justify a boycott upon Rhodesia on the basis of denial or alleged denial of self-determination and turn round and deal with Soviet Russia, to name just one.

Have we removed our consulates and embassies from any other country that denies the right of self-determination?

Mr. ARMITAGE. Not to my knowledge, sir.

Mr. GROSS. And we have done this because the British asked us to do it. Is that why we are in this thing?

Mr. ARMITAGE. The U.N. took this step on the initiative of the British; yes, sir.

Mr. GROSS. Was there any condition imposed by anyone, when we embarked upon our move for independence in this country, that you can recall from reading history, that we were supposed to deal with minorities? Was there any condition imposed at that time except from the British?

Mr. ARMITAGE. No, sir. The U.N. wasn't around at that time.

Mr. GROSS. Thank God. I am real glad that it wasn't. I assume I have consumed 5 minutes, I will be back if there is more time.

Mr. FRASER. Mr. Frelinghuysen.

Mr. FRELINGHUYSEN. Mr. Armitage, I would like to ask you about the possibility that there may be movement between the British Government and the Smith regime.

Do we have any information about what progress, if any, is developing and might it result in lifting of sanctions against Rhodesia?

Mr. ARMITAGE. Only the skimpiest, sir. There has been discussion in the British Parliament of the possibility of resuming these discussions, but, to the best of my knowledge, no arrangements have been made yet to resume the talks. I think discussions about such resumption are still proceeding.

Mr. FRELINGHUYSEN. Is there a likelihood that there may be some development?

Mr. ARMITAGE. I think I would say that the staging of talks is probably in the realm of possibility. I am afraid I would not be ready to say that there is a likelihood that you would get a settlement, sir.

Mr. FRELINGHUYSEN. You referred to the President's statement, on page 4 of your testimony, that the United States has sought ways to assure a more universal compliance with sanctions.

Could you tell us something about the countries which are not complying with sanctions? How tight and how effective has the imposition of sanctions been?

Mr. ARMITAGE. Certainly not as tight as we would hope. The imposition of sanctions is a very difficult matter, quite obviously, and the power of the U.N. to enforce it, in a strict sense of the word, is not there. The Sanctions Committee uses primarily the instruments of persuasion and information dissemination. By that I mean they have found out a good bit about who the people are that issue the false documentation, a good bit about what ships and what firms are likely to be carrying the cargo, and this type of information that they have transmitted to countries which might be contemplating transactions or whose nationals might be contemplating transactions. But it rests essentially on the will of nations to honor their U.N. obligations and, if they don't, what you can do about that is limited.

Most of them do, but the business of avoiding sanctions is something of an art in itself and I am afraid that it is hard to keep as much as two jumps behind those who do avoid the regulations.

Mr. FRELINGHUYSEN. If we are seeking a more universal compliance, I assume we must be seeking to get some specific countries that are not complying, to comply. Have we had any luck? Are you saying that there really isn't any possibility of tightening the embargo?

Mr. ARMITAGE. No; I am not saying there isn't any possibility because we are working on it in the Sanctions Committee. It is an indirect process and it is difficult to get any assurance of compliance because, in the first place, you don't get full information about who is avoiding the sanctions. The Sanctions Committee gets some 25 to 30 reports a month, most of which are provided by the British who are in a position to obtain the information, and it acts on these pieces of information about projected violations to either alert the countries concerned to the fact that their nationals or some other shipping company might be doing it.

Our major efforts have been in terms of trying to speed up the transactions in the sense of getting information about possible violations to the country concerned as early as possible and in improving the kind of information that the Sanctions Committee gives to them and in speeding up the reports. It sometimes is a big job.

Mr. FRELINGHUYSEN. Why didn't we retain our consulate representation in Salisbury? Why did we give it up? What is the effect of giving up that consulate?

Mr. ARMITAGE. I think Mr. Crosby might do a better job than I on that.

STATEMENT OF OLIVER CROSBY, COUNTRY DIRECTOR, RHODESIA, SOUTH AFRICA, DEPARTMENT OF STATE

Mr. CROSBY. We maintained our consulate representation which was accredited to the British Queen as long as British official ties

between Britain and Rhodesia remained, and then with the implementation of the new constitution in Rhodesia in March of last year, the Rhodesians cut their last tie with Britain and, with that, we closed our consulate. That was the sequence of that. The result of it has been that, of the 10 consulate representations that were still there at that time, all but the Portuguese and the South Africans have closed. So this completes the figure of reduction from the original 21 in 1965 to the present two.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

Mr. FRASER. The United States is consuming now about 1.4 million tons of chrome. What is the historical growth in the consumption by the United States?

Mr. LAWRENCE. Actually, Mr. Chairman, the 1.4 million figure that was given there includes both chemical chromite from South Africa and the refractory chromite from the Philippines.

Mr. FRASER. Has Rhodesia been a source only of the metallurgical grade?

Mr. LAWRENCE. That is right. The only thing we are really talking about is metallurgical grade chromite because the other is readily accessible to us from South Africa, the chemical, and the refractory from the Philippines.

Back in 1965, we used 1.084 million long tons. This increased slightly in 1966 to 1.123 million. In 1967 it dropped off to 1.041 million. In 1968 it dropped further to 949,000 tons and in 1969 and 1970 it was running a little better than one million tons a year.

We haven't had any real, great growth in the use of chromite principally because of the fact of the imports of stainless steels from overseas. In other words, our stainless steel industry is simply not growing at the rate where we need additional tonnage of chromite in the United States.

Mr. FRASER. In comparing the increase in prices—chromite is metallurgical?

Mr. LAWRENCE. That is right.

Mr. FRASER. In looking at the price increase, let's say, in chromite as against the chemical refractory, how would those price increases compare?

Mr. LAWRENCE. The metallurgical grade which was selling around \$31 to \$35 per long ton has now jumped to where I guess the present Russian price of the ore is around \$72.

Mr. FRASER. \$31 to \$35 in what year?

Mr. LAWRENCE. 1965 to 1966. That is \$31 to \$35 per long ton, I might say that the Turkish ores and the metallurgical grades have followed generally the Russian pattern. Turkish ore has gone up at the same rate as the Russian ore.

Mr. FRASER. One would expect that for the same grade and there being a world market. What about other grades of ore?

Mr. LAWRENCE. South African in 1966 for chemical grade was running around \$20 to \$21.50 and in 1968 it was \$19 to \$21.50.

Mr. FRASER. What you are saying is that in 2 years, it did not increase.

Mr. LAWRENCE. That's right. In fact, it dropped off a little bit.

Mr. FRASER. Do you have any more recent figures?

Mr. LAWRENCE. South African material is up to \$30, as compared with \$21.50 in 1966. Refractory grade chromite has stayed rather steadily around \$18 a ton since 1966. The principal use of refractory chromite is in open-hearth furnaces and, as you know, the open-hearths are not being rebuilt. We are going to basic oxygen furnaces in manufacturing steel, so refractory will decline somewhat, although it has held up pretty well to date as far as tonnages from the Philippines.

Mr. FRASER. Let me get at the problem this way. I assume there is sort of a trend line on a price increase of metallurgical chromite.

Mr. LAWRENCE. Yes, upward.

Mr. FRASER. That will extend up over a 10-year period and one could look at the trend line before and after sanctions began to see if there is a marked change.

The second way of comparing would be, is there some kind of general index for metal costs? Is there some kind of composite index, taking a half dozen of the more commonly used metal, which would give us a base line like a Dow-Jones average?

Mr. LAWRENCE. I think you could say the majority of the materials, particularly in the ferrous field, have been upward in the last 10 years. All of the alloys have gone up, so that I would say that the steel industry index would show an increase in prices and has followed the prices of alloys and other materials that go into the steel.

Mr. FRASER. What you are saying is that, as far as you are concerned, there has not been any extraordinary, exceptional increase in prices of metallurgical quality of chrome?

Mr. LAWRENCE. I think that the prices that have increased in metallurgical chrome is far out of line with increases in other materials. In my estimation, it is nothing but an attempt by producers to take advantage of a shortage of supply, and if you want to put it crudely, the U.S. steel industry is being gouged.

Mr. FRASER. The U.S. steel industry is being gouged. There are other consumers in the world. Aren't they all being gouged?

Mr. LAWRENCE. I think the Russian price is pretty universal the world over. In other words, other steel companies in other areas would see the same price increases. They may have an advantage that they don't have to pay additional transportation costs that the U.S. steel industry does.

Mr. FRASER. What I am trying to get at is the extent to which, by making a series of comparisons, you might factor out the change in the increase in cost of chrome. I recognize that it may be attributable to a shortening of supply by the imposition of sanctions. Could you try to provide a comparison for the committee?

Mr. LAWRENCE. I would say, if Rhodesian chrome were still available, that the price of metallurgical chromite in the United States would not be as high as it is.

Mr. FRASER. But we don't know by what amount.

Mr. LAWRENCE. No, I don't.

Mr. KYLE. If I understand your question, we could make a table showing price trends in a number of ores since the imposition of sanctions and give you some idea whether the price is increasing proportionately or not. We can provide that for the subcommittee.

Mr. FRASER. All right. I think that will be helpful.

(The information referred to follows:)

SELECTED RAW MATERIALS PRICE TRENDS AS COMPARED WITH VARIOUS GRADES OF FOREIGN CHROMITE, AVERAGE ANNUAL PRICES 1960-70

	Pre-sanctions period			Post sanctions period			Percent change 1970/60	Percent change 1970/67	Percent change 1970/66
	1960	1966	Percent change 1966/60	1967	1970	Percent change 1970/67			
In current dollars									
Chromite:									
Southern Rhodesia (48 percent Cr ₂ O ₃)	35.75-36.25	31.00-35.00	-8.3	31.00-35.00	(1)	47.50-48.50	+45.0	+29.7	
Turkey (48 percent Cr ₂ O ₃)	36.00-38.00	29.50-31.50	-17.6	32.50-33.50		26.00	+31.6	+29.2	
South Africa (44 percent Cr ₂ O ₃)	19.75-20.50	20.00-21.50	+3.1	18.00-21.50		55.10-59.60	+49.9		
U.S.S.R. (55 percent Cr ₂ O ₃)	(1)	30.50-33.00		36.50-40.00			+209.0		
Antimony ²	.302	.44	+45.7	.44	1.36			+350.3	
Fluorspat ³	28.93	36.35	+25.6	38.21	47.48		+24.3	+64.1	
Manganese ⁴	.87-.90	.73-.74	-16.8	.60-.64	.50-.58		-12.9	-39.0	
Nickel ⁵	.92	.95	+3.3	1.02	1.15		+12.7	+25.0	
Tungsten ⁶	19.30	37.20	+92.7	43.85	70.42		+60.6	+264.9	
Vanadium ⁷	3.05	2.43	-20.3	2.14	§ 3.70		§ +72.9	+21.3	
In constant 1967 dollars									
Chromite:									
Southern Rhodesia (48 percent Cr ₂ O ₃)	40.70-41.26	31.99-36.12	-16.9	31.00-35.00	(1)	41.41-42.28	+26.8	-1.0	
Turkey (48 percent Cr ₂ O ₃)	40.99-43.26	30.44-32.51	-25.3	32.50-33.50		22.67	+14.8		
South Africa (44 percent Cr ₂ O ₃)	22.48-23.34	20.64-22.19	-6.5	18.00-21.50		48.04-51.96	+30.7		
U.S.S.R. (55 percent Cr ₂ O ₃)	(1)	31.48-34.06		36.50-40.00			+170.4	+245.9	
Antimony ²	.344	.454	+32.0	.44	1.19				
Fluorspat ³	32.93	37.49	+13.8	38.21	41.39		+10.8	+25.7	
Manganese ⁴	.99-1.02	.753-.764	-24.5	.60-.64	.436-.506		-17.6	-53.1	
Nickel ⁵	1.05	.98	-6.7	1.02	1.00		-2.0	-4.8	
Tungsten ⁶	21.97	38.39	+74.7	43.85	61.39		+40.0	+179.4	
Vanadium ⁷	3.47	2.51	-27.7	2.14	§ 3.23		§ +50.9	-6.9	

¹ None published.

² Metal cents per pound. RMM brand, f.o.b., Laredo, Tex.

³ Metallurgical grade ore (not over 97 percent CaF₂). Average values per short ton of U.S. domestic production.

⁴ 46 to 48 percent ore cents per long ton unit. Manganese has experienced a steady fall in price in the period 1960-71 largely due to increased supply in the world.

⁶ U.S. cents per pound (99.9 percent nickel content).

⁷ Tungsten equivalent in dollars per short ton unit (20 lbs.).

⁸ Prices quoted per pound on contained-vanadium basis.

⁹ Estimate.

Source: U.S. Bureau of Mines.

Mr. FRASER. I am interested in the supply from Turkey. That apparently is expanding.

Mr. KYLE. Tremendously, sir.

Mr. FRASER. Does Turkey have sources of ore that are capable of future development? In other words, is there a plateau or ceiling in terms of their annual production?

Mr. LAWRENCE. They can go still higher, I think, as they have a considerable body of very good chromite on the Black Sea that is not being mined extensively. It could be mined. It is owned by private families who apparently are not interested in mining this area. There may be one factor that should be stated here, that the availability of Turkish ore may be lessened in the United States in future years because of a recent agreement made by the Japanese Government and the Turkish Government whereby they are going to erect a ferrochrome plant in Turkey which will preempt quite a bit of Turkish ore.

Mr. FRASER. You mean the Japanese are going to invest in a plant construction in Turkey?

Mr. LAWRENCE. That is right.

Mr. FRASER. Where they will use the chrome at that plant for treating alloys?

Mr. LAWRENCE. That's right. Instead of our country having chromite, we will probably have additional imports of ferrochrome.

Mr. GROSS. Will the gentleman yield?

Mr. FRASER. Yes.

Mr. GROSS. Mr. Lawrence, do you know whether we are spending any money in Turkey on the development of mines or providing mining machinery?

Mr. LAWRENCE. Not to my knowledge, Mr. Gross. I haven't seen any record of this.

Mr. GROSS. Thank you.

Mr. KYLE. Mr. Fraser, to go back to your question, the Bureau of Mines made an estimate regarding free world reserves and potential resources of metallurgical grade chrome for South Africa, which would be 100 million tons. For Southern Rhodesia, 300 million. For Turkey, 9 million. This is an estimate of the Bureau of Mines in "Mineral Facts and Figures of 1965."

Mr. FRASER. I understand that if the price gets high enough, then it becomes feasible to operate these other mines for ore.

Mr. KYLE. And to develop the mines.

Mr. FRASER. In other words, there is other ore with a lower chrome content or with other properties.

Mr. KYLE. Yes sir. But, again looking at these figures, for example, Cyprus has an estimate of 100,000 tons of recoverable chromite. I don't think Cyprus is going to develop a mining industry based on 100,000 tons. The figures become marginal down the scale.

Mr. FRASER. That is all for the so-called metallurgical trade. If you go to the next page, which is chemical, is it much wider?

Mr. KYLE. No, sir. All I have here is the metallurgical grade.

Mr. LAWRENCE. Here is a table, Mr. Chairman, which was put out in a chromite study made by National Materials Advisory Board which should be introduced for the record, which shows you the essential chrome deposits throughout the world.

Mr. GROSS. Did you set out in your statement the increased imports from Turkey? We were importing before the boycott. Have they increased? What about the price of the Turkish ore?

Mr. KYLE. The Turkish or world price is approximately the same as the Soviet Union price. There is a premium paid on the Soviet's and the Turkish price pretty much follows the Soviet price.

Mr. GROSS. So it has increased?

Mr. KYLE. Yes, sir.

Mr. GROSS. And the American purchasers of automobiles and stainless steel pay the bill, is that correct?

Mr. KYLE. The price increase is reflected in the price to the American consumer; yes, sir.

Mr. GROSS. So they pay the bill.

Mr. FRASER. We are consuming about a million tons a year of the metallurgical grade?

Mr. KYLE. Yes, sir; 900,000.

Mr. FRASER. Are we talking of \$70 to \$72 a ton?

Mr. KYLE. \$70 to \$72 a ton. I might add that our statements on prices paid are very nebulous and fuzzy because, if you have had any connection with dealing with commodities imported from the Soviet Union, any commodity, it is most difficult to obtain a price because they don't deal in a price structure as we know it. Our international figures, such as on the consumption of rubber products, usually show from free world sources because of the difficulty of obtaining concrete data from the Soviet Union.

So when I say \$70 to \$72 a ton, this is a good guesstimate on our part.

Mr. GROSS. Are we sending dollars after this Russian chrome?

Mr. KYLE. I don't know how this is being paid for. It is being paid for in dollars.

Mr. GROSS. So this contributes to our deficit in the international balance of payment.

Mr. FRASER. Well, that would be true, I suppose, whether we are paying either Rhodesia or the Soviet Union.

Mr. GROSS. Well, we are not paying Rhodesia and this is what this is all about.

Mr. FRASER. If we ended the sanctions——

Mr. GROSS. I think we would be saving. I don't think we would be spending as much for chromite.

Mr. KYLE. Mr. Farrand, in my office, says the Department of Commerce figures indicated last year we imported \$60 million of goods and services from the Soviet Union. Of that \$60 million, \$9 million was in chrome.

Mr. FRASER. In other words, \$51 million.

Mr. KYLE. In other goods and services that we imported.

Mr. FRASER. Maybe, for the record, we ought to include our exports to the Soviet Union for the same year. You can probably get that information.

Mr. KYLE. Yes, sir.

(The information referred to follows:)

Trade with U.S.S.R. (in millions)

1969:		
	Imports.....	¹ \$51. 5
	Exports.....	105. 5
1970:		
	Imports.....	² \$72. 2
	Exports.....	118. 4

¹ Of which chrome ore accounted for \$7,800,000, or 15 percent.

² Of which chrome ore accounted for \$13,700,000, or 19 percent.

Mr. FRASER. What about Rhodesian chrome? Do you have knowledge of the extent to which any of that has found its way into the world market?

Mr. LAWRENCE. I can only answer from what I have heard. I have never seen any official record of this, but it is quite evident that the ore which is being mined in Rhodesia from the mines owned by U.S. firms is being sold and is under contract for the next 3 years.

I think one of the backups for this is the fact that, if you will remember several months ago, the Treasury Department granted Union Carbide permission to bring in 150,000 tons of chrome ore that had been paid for prior to the imposition of the sanctions.

To my knowledge, they have only received 23,000 tons, and there appears to be little likelihood that they will get any more of the 150,000 tons any time in the near future because of the chrome coming from the mines is under contract to some other country in the world. Who has it or who it is going to, I have no knowledge.

Mr. FRASER. Do you have any information of any kind to indicate where it may be going?

Mr. LAWRENCE. There have been all kinds of rumors. Maybe the Department of State could answer this one better than I could, but whether this information is available, I don't know.

Mr. CROSBY. There are many rumors, but little evidence.

Mr. KYLE. For example, that Soviet ships call in Africa to pick up Rhodesian chrome and transship it to the Soviet Union and then it appears in the United States. We have no proof of this. We have never been able to check this out.

Mr. FRASER. When ore comes in from outside of the United States, is there a test to identify its origin? Who can describe what the procedures are?

Mr. KYLE. It is done by the Treasury Department. They say it is possible, by a chemical analysis, to determine the origin of the chrome since the chrome ore has a definite composition. Mr. Farrand says an expert could tell by looking at it when it comes in, but there are tests by the Treasury Department to determine its point of origin.

Mr. FRASER. Are we finding that the Soviets are sending in any Rhodesian ore?

Mr. KYLE. There is no indication of this whatsoever.

Mr. FRASER. Does Rhodesia process the chrome so that they produce within Rhodesia chrome alloys?

Mr. LAWRENCE. I don't think they have any plants of any size. There are several plants in South Africa which is adjacent to Rhodesia. In fact, I know there are at least three big plants there, all of whom ship to the United States.

Mr. FRASER. What is a ferrochrome plant? What goes in and what comes out?

Mr. LAWRENCE. You have a combination of chromite and iron. This is principally what you put in and what you get out. Some of them have less carbon than others. They have high carbon and low carbon. They sometimes add something like a silicon to give steel a certain quality, or that type of thing.

Mr. FRASER. What are you getting out of the plant? Are you getting out an iron with a chrome content?

Mr. LAWRENCE. No; it is principally chrome.

Mr. FRASER. What is the proportion of iron and chrome at that point?

Mr. LAWRENCE. I don't have that information.

Mr. FRASER. Roughly.

Mr. LAWRENCE. I would say 70 percent chrome and about 30 percent iron plus any carbon or silicon or whatever you have. You also have what is known as chrome metal which comes out as small pellets. It is 99.99 percent chrome.

Mr. FRASER. But what is the ferrochrome? Is that the right term?

Mr. LAWRENCE. That is right.

Mr. FRASER. That represents what? Is that what you have after you are through processing the chromite ore?

Mr. LAWRENCE. After you mix the iron and chrome and add electricity, it comes out in a lumpy form which is usually dumped into a steel furnace.

Mr. FRASER. That becomes the input into the stainless steel industry, this ferrochrome, and those kinds of processing plants are in South Africa?

Mr. LAWRENCE. They have three plants there, to my knowledge.

Mr. FRASER. And we are purchasing from them for U.S. markets?

Mr. LAWRENCE. Well, one of the plants there is owned by an American company. Another one is financed by U.S. capital.

Mr. FRASER. Then that comes to the United States. Is it possible to test for the origin of the chrome?

Mr. LAWRENCE. I don't think there is any method to determine that once it becomes ferrochrome; the origin of the chrome disappears.

Mr. FRASER. Do we know whether or not exports of South African ferrochrome have decreased since sanctions began?

Mr. LAWRENCE. I haven't got a country analysis of this. I have only an overall figure but the ferrochromes have been coming into this country in very sizable quantities. In fact, we had a petition from the ferroalloy industry to OEP under section 232 of the Trade Agreements Act which alleged that national security was being threatened by the imports of, not only ferrochrome, but other ferroalloys. OEP denied this because we couldn't find evidence of injury that would hinge on national security. We don't examine these petitions from commercial economic standpoint. Our only responsibility is for national security.

Mr. FRASER. I hope either of you will break in along the way here.

Mr. GROSS. I would like to ask a few questions when I have the opportunity.

Mr. FRASER. Let me take a minute. In other words, we import chrome in at least two major ways. One is the chrome ore which we identified as three grades with varying chrome content, and then we bring it in a more processed form which is known as ferrochrome.

Mr. LAWRENCE. You have to process it before you can use it in steel or any other application.

Mr. FRASER. In terms of the industrial needs of the United States, it is the ferrochrome which is needed in order to go further with the industrial process, is that right?

Mr. LAWRENCE. That is right.

Mr. FRASER. What has happened on imports of ferrochrome as far as the United States is concerned?

Mr. LAWRENCE. They became quite sizable at one time. This is why I reduced these ferrochromes back to the chrome contents. They were included in the consumption figures that I gave you previously. Back in 1965, imports of ferrochromes with chrome content were 114,000 tons. In 1966, they jumped to 238,000. They went back to 114,000 in 1967. In 1968 they dropped to 89,000. In 1969, they were 88,000. In 1970 they dropped to 38,000.

Mr. FRASER. Now, this is the ferrochrome?

Mr. LAWRENCE. The chrome content of ferrochrome imports.

Mr. FRASER. When you say "chrome content," you are saying the amount of chrome in terms of 48 percent ore?

Mr. LAWRENCE. That is right.

Mr. FRASER. In other words, ferrochrome imports have been going down steadily?

Mr. LAWRENCE. They have in the last 3 years; yes, sir.

Mr. FRASER. And this would mean in addition to the figures you have given us earlier for chrome ore?

Mr. LAWRENCE. No, these were included in the chrome ore figures. In other words, in the consumption figures that I gave you.

Mr. FRASER. On the basis of declining imports, how could there have been a petition claiming that there was unfair competition?

Mr. LAWRENCE. I guess the petition was based on the 1966 and 1967 figures. In other words, we made a decision in early 1970 and I think the petition came in May 1968.

Mr. CROSBY. Mr. Chairman, I don't have the figures at my disposal about processed chromite or ferrochrome, but it is my distinct impression that the ferrochrome that is produced by the type of plant that is located in South Africa can be tested. We may not be able to look at it and test it as you can the ore, but it can be tested for its percentage of chrome content and there are ferrochromes that are produced of different levels of chromium concentration, and the South African level is less than would be achieved if they were using, at least the stuff we import in this country, than if they were using ore from Rhodesia.

Mr. FRASER. You are suggesting that the others are not processing the Rhodesian ore?

Mr. CROSBY. I am sure they are processing it for their own use because they do purchase ore from Rhodesia, but I am suggesting there is some question as to whether ferrochrome imported by this country from South Africa is actually ore from Rhodesia processed in South Africa.

Mr. FRASER. Mr. Gross.

Mr. GROSS. Mr. Lawrence, did I understand you to say that a substantial part of the ore we are stockpiling is low grade ore?

Mr. LAWRENCE. No, sir. Most of our stockpile is in the form of the upgraded forms of ferrochromes. We still have on hand at the present time, against our 3,100,000 objective, a total inventory on metallurgical chromite of 1,956,906 tons and in addition we have a little better than a million of low grade ore which was purchased back in the Korean war.

We have in addition to this 402,000 short tons of high carbon ferrochrome. We have 299,000 low carbon ferrochrome. We have 55,600 tons of ferrosilicon chromium and we have 8,000 tons of chromium metal.

All of this material is of specification grade. Industry has in the past said there were too many fines and not enough lumps in the ore. I think in the last few years the ferroalloy industry in the United States has found the ability to use fines much more readily than they did before and it is a very simple process. All you have to do is pelletize it, which is an inexpensive method of getting the type of thing you need to go in a furnace.

Mr. GROSS. Do the British continue to get chrome from Rhodesia?

Mr. ARMITAGE. No, sir; not as far as we know, sir.

Mr. GROSS. Would you know if they were getting it?

Mr. ARMITAGE. I believe so.

Mr. GROSS. Through what source?

Mr. ARMITAGE. I think we would know through the Sanctions Committee, to begin with, but I think the British reporting of their trades is fairly reliable.

Mr. GROSS. I don't have that confidence in them. The U.N. sanctions against the Smith regime are based on a conclusion that Rhodesia is a threat to international peace and security.

What threat is there to international peace or world peace? What threat is there?

Mr. ARMITAGE. I think the threat lies in the tense situation between the over 95 percent of the population that is deprived of participation in government and under 5 percent of whites that support Mr. Smith's regime, most of which support Mr. Smith's regime, and the fact that this is a very volatile issue in Africa itself in which all of the black African countries have rather intense sympathies for the majority of the population of Rhodesia.

This, I think, is the locus of the threat to violence.

Mr. GROSS. Does not the U.N. Charter prohibit us from meddling in the internal affairs of other countries?

Mr. ARMITAGE. Yes; it does.

Mr. GROSS. Then you don't consider this to be meddling in internal affairs?

Mr. ARMITAGE. No, we don't. Our view is that the United Kingdom is still the sovereign power in Rhodesia.

Mr. GROSS. I am asking about the policy of the U.S. Government, not what the British think or do.

Mr. ARMITAGE. I understand, sir, but—

Mr. GROSS. So it is our policy that we are meddling in internal affairs. Are there no other situations in the world that are a threat to the international peace and security?

Mr. ARMITAGE. I think the answer, sir, is that there is no other situation in which the Security Council has found a threat to peace.

Mr. GROSS. Well, I doubt very much that Russia would hold herself out as a threat to international peace. Do you consider Russia to be a threat to international peace?

Mr. ARMITAGE. I think the threat to peace is in a situation, not in a country, and the Security Council's finding relates to a situation in the world in which they perceive a threat to the peace that is more or less immediate, and about all I can say about that is that this is a Security Council finding and the only case in which we have had such a finding.

Mr. GROSS. I won't elaborate on it, but everyone knows that the U.N. Charter was made to be broken. It has been splintered and abused on so many occasions that so far as I am concerned it has no real meaning. It is warped and bent to fit any kind of a situation and you are saying we lend ourselves to that sort of thing.

Mr. ARMITAGE. I am saying, sir, that we supported the Security Council's finding.

Mr. GROSS. Why do we have a wholly different approach to the Union of South Africa?

Mr. ARMITAGE. Well, the situation is different in at least one important respect which was the legal obligation under the Charter that the United Kingdom, as the administering power of Rhodesia, was to promote the progress toward self-government in Rhodesia in accordance with the desires of the Rhodesian population.

It was under this obligation that the British sought to work out an agreement with the Rhodesian authorities which would provide for eventual majority rule and it was the unwillingness of the Smith regime to accept this kind of settlement which caused a breakdown in talks. On that basis, the British brought it to the Security Council.

Mr. GROSS. Except for the established independence of South Africa, everything you say would apply with equal force to South Africa, wouldn't it, in the matter of alleged self-determination?

Mr. ARMITAGE. The independence of South Africa is certainly a key element in the difference; yes, sir.

Mr. GROSS. Is there some reason why we haven't boycotted Portuguese Mozambique?

Mr. ARMITAGE. I don't think there is a case in which a boycott was proposed to the Security Council, sir.

Mr. GROSS. That may be, but as a matter of morality, why did we pick on one and overlook others? Why haven't we slapped a boycott on Portuguese Mozambique?

Mr. ARMITAGE. I don't think I could answer that, other than that the charge has never been made against the Portuguese.

Mr. GROSS. Other than the fact that we badly need the Azores as a forward base for naval and air facilities that the Portuguese have to offer our military, at least for the alleged security of the United States. Has that had anything to do with the fact that we haven't applied the same kind of pressure to the Portuguese regarding Mozambique?

Mr. CROSBY. Sir——

Mr. GROSS. Are you berthed here or in the U.N.?

Mr. CROSBY. I am in the Department of State.

Mr. GROSS. You are Country Director?

Mr. CROSBY. I am an Office Director actually.

Mr. GROSS. I see. Thank you.

the situation is substantially different there in a number of ways, the most important of which is that the policy of the Portuguese Government is not racially motivated and they are not pursuing in the way that South Africa is and in the way that Rhodesia is: the maintenance of control, exclusive control, the double standard of treatment of citizens in terms of education and in terms of voting, in terms of participation in the economy, and in terms of participation in the government itself. The situation is really quite different.

Mr. GROSS. So what you are saying in effect, I take it, is that what they are doing is a little less worse, if you can call it a bad situation in Rhodesia, which happens to be friendly to the United States, but is a little worse than in Mozambique. Is that what you are saying?

Mr. ARMITAGE. I am saying it is substantially different.

Mr. GROSS. Do you have any information as to whether some parties to the U.N. program of sanctions have violated the boycott and, if so, who are they?

I realize this question has been asked in part or touched on previously, but I would like to renew it.

Mr. ARMITAGE. I think there is no question, Mr. Gross, that South Africa and Portugal are in violation of the sanctions. It has been difficult, if not impossible, to document any other specific instances or practice of violation.

Those two countries are certainly not only themselves violating the embargo in terms of their trade but in terms of their middlemen role and in terms of providing documentation which increases the enforcement of sanctions problem, they are certainly in violation; yes, sir.

Mr. GROSS. Wouldn't you like to go on with that, Mr. Armitage, and add a few black African countries?

Mr. ARMITAGE. I don't have any documented cases of violations that I could cite of black African or other countries. There is a provision in the sanctions legislation for countries whose economies can demonstrate that they are badly damaged by the sanction program that gives them in some measure an "out," which I assume would apply to a country like Zambia which is close by.

That would probably be the place to look for the most significant aberrations.

Mr. CROSBY. Zambians are heavily dependent or were heavily dependent on Rhodesia. They were Northern Rhodesia originally and federated with Southern Rhodesia. They have made very substantial efforts to cut off this dependence and in fact they have reduced their imports from Rhodesia by 70 percent. They are progressively reducing their imports all of the time. They have imported things like coal which they need and couldn't do without or their own economy would collapse in certain portions, but they are taking measures constantly to cut this down and it is down to about 30 percent of what it used to be before it began.

Mr. GROSS. Did we not have a favorable balance of trade with Rhodesia before this boycott was applied?

Mr. Crosby. We had about \$33 million worth of trade with Rhodesia and about \$15 million favorable balance; yes.

Mr. GROSS. That beats the devil out of a deficit; doesn't it?

exchange totally to slightly over \$500,000.

Mr. GROSS. Has the United States permitted contractors who contracted for orders of Rhodesian chrome prior to the effective date of the sanctions to take delivery of these orders and, if so, is this not a violation of the sanctions?

Mr. ARMITAGE. No, sir; we don't consider it a violation of the sanctions. The Executive order which gave legal effect in the United States to the sanctions provided for exceptions in hardship cases which are defined pretty much as you stated.

Mr. GROSS. Did the U.N. tell us we could do this or that we couldn't do it? They seem to be writing the ticket. Did they tell us whether we could or couldn't do this?

Mr. ARMITAGE. I think this has not been challenged, to my knowledge.

Mr. GROSS. Did we do this unilaterally?

Mr. ARMITAGE. We did this in the Executive order.

Mr. GROSS. Unilaterally?

Mr. ARMITAGE. Yes.

Mr. GROSS. Now this resolution, which I believe was in your statement, Mr. Armitage, that you pump for House Resolution 45. Would the United Nations and the State Department, which apparently is an appendage of the United Nations from what I have heard here this afternoon, accept an amendment to include in this resolution every nation that has denied the right of self-determination to its people? Suppose we just made this resolution all encompassing and put in the Soviet Union and all of the other countries such as China, with whom we are apparently about to embark on trade relations. Suppose we put them all in, all nations that deny their people the right of self-determination, such as the Latin American countries ruled by dictators. How about that? Would Foggy Bottom accept that and transmit it to the United Nations?

Mr. ARMITAGE. I believe that would be more than we would want to take on, sir.

Mr. GROSS. I thought so. In other words, you don't want to apply around the world with an even hand what you are now applying to Rhodesia?

Mr. ARMITAGE. I wouldn't say we don't want to. I say we would view that as being outside of our capabilities.

Mr. GROSS. It wouldn't be in violation of the Constitution if we did it in the Congress, would it?

Mr. ARMITAGE. No, sir; if you passed a resolution.

Mr. GROSS. What about asbestos? That is a subject that has not been raised here this afternoon. Did we import asbestos from Rhodesia?

Mr. LAWRENCE. In this field we have an ample objective of around 13,000 tons. We have about 13,000 tons available to us, so we have no problem on that one.

Mr. GROSS. Where are you getting asbestos now?

Mr. LAWRENCE. Canada is supplying us with asbestos. We are getting some locally out of Arizona now.

Mr. GROSS. What has happened to the price of the imported product, anything?

Mr. LAWRENCE. I am sorry, I don't have it, but I could furnish it for the record.

Mr. GROSS. Mr. Chairman, I would like to have that information, with your permission.

Mr. FRASER. We will include that information in the record.

Mr. GROSS. Thank you, Mr. Chairman.

(The information referred to follows:)

CHRYSOTITE ASBESTOS											
[Thousand short tons]											
	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Consumption.....	17.1	14.7	16.0	16.9	17.7	15.5	17.3	16.7	16.1	16.0	17.0
Imports:											
Canada.....	19.2	17.0	14.9	16.5	18.0	15.2	16.3	16.9	15.9	17.4	17.7
Southern Rhodesia.....	.7	.4	.4	.4	.4	.2					
Total imports.....	19.9	17.4	14.9	16.9	18.4	15.4	16.3	16.9	15.9	17.4	17.7
U.S. production.....		.3	.8	.7	.7	.2					
Market price: Dollars per ton ¹	800	800	800	800	800	800	800	523.40	544	544	544

¹ Average market price for strategic grades.

Mr. GROSS. Does Russia import any Rhodesian ore that you know of?

Mr. ARMITAGE. Chrome ore, not to my knowledge.

Mr. CROSBY. Occasionally we have heard of Russian ships docked in Africa to pick up Rhodesian chromite but verification has proved this not to be the case.

Mr. FRASER. What we have heard so far suggests that the Rhodesian chrome mines are continuing to operate and they are continuing to sell. To the extent that chrome finds its way into the world market, I suppose that lifting of the sanctions is not going to increase the world supply and would simply make over what might be happening covertly.

Mr. LAWRENCE. I think you could characterize it that way, Mr. Chairman. I would say this ore is entering into world commerce and certainly at rates almost comparable to that from U.S. companies operating the mines.

Mr. FRASER. If we wanted to learn more about how that chrome is being marketed, what would be the best way to get more information on this?

Mr. LAWRENCE. The Department of State will have to answer that. They have the only means available that I know of, and I don't know whether they have that even, to determine where it is going.

(The following information was furnished for the record).

RHODESIAN MARKETING OF CHROME ORE

Rhodesian chromite is not sold on the free market. There are no regularly published price quotations for Rhodesian chrome ore based on actual transactions. Whatever Rhodesian chromite is being traded in the world is likely to be sold at below world market prices and under conditions unfavorable to the Rhodesians.

The principal exporters or merchants of chrome ore prior to the imposition of sanctions were the following firms located in Rhodesia:

Arnhold, Wilhelmi & Co., P.O. Box 2511, Salisbury;

The British Metal Corporation, Ltd., P.O. Box 1544, Bulawayo, and P.O. Box 2366, Salisbury;

Continental Ore (Africa), Ltd., P.O. Box 3411, Salisbury;

Derby & Co. (Rhod.), P.O. Box 2276, Salisbury.

Mr. CROSBY. Mr. Fraser, I think probably the only source of information on this, and this is only indications, would be the kinds of reports that are made to the U.N. Sanctions Committee, but I would like to add a word or two about the operation of the chrome mines and the nature of it.

In the case of Foote Mineral, as nearly as we can judge from what scraps of information we get, the mine is operating at just about a subsistence level and is not producing, as far as we are aware, any profit as such. This is a operation well below capacity or what a company would want to achieve if it were going to be in business and making a profit.

Mr. FRASER. What was the year-end production from that mine?

Mr. CROSBY. I don't have those figures but I think one of their particular interests has been the maintenance of the mine itself and maintenance of the equipment. I think they have managed to maintain the functioning of the mine and keep it from flooding and, if I may add a more general word, I think this is in certain respects an exception, because the effect of the sanctions on the economy of Rhodesia in general has been to bring about the kind of stagnation that has resulted in very serious disintegration of the rolling stock of the railroad, of the flying equipment of the air service, tractor services are growing older all of the time, and one statistic is that in 1969 some 30,000 production hours in agriculture were lost because of tractor breakdowns, and so forth.

This is a general observation by way of pointing out that, although the sanctions have not actually forced Ian Smith to make an agreement with the British, the sanctions themselves have had a very serious effect on the economy of the country, and the figures that the Government itself puts out in Rhodesia about economic developments indicate that since 1965, the economy has grown a total of just about 5 percent per capita, something under 1 percent a year in terms of real production.

When you compare this with the fact that the South African economy over the same period has grown 57½ percent, you get some measure of the catastrophic impact that this has had.

It has not forced them to their knees, but any responsible government would seriously regard the situation which has been generally as a result of sanctions.

Mr. FRASER. Let me pursue the chrome mine at the moment. What part of the country are they located in? Do you know?

Mr. CROSBY. I am not really sure.

Mr. KYLE. They are in the Great Dyke region in Rhodesia.

Mr. FRASER. How many separate mining operations were there?

Mr. CROSBY. There are two American ones.

Mr. FRASER. What about Rhodesian?

Mr. CROSBY. We may be able to get that for you. I think we should be able to.

Mr. FRASER. What you might get, if you can, would be a list of all of the separate mines that were in production prior to the sanctions and then whatever information you have as to the extent each of them is continuing to produce ore and in what proportion.

(The information referred to follows:)

LIST OF MINES IN PRODUCTION DURING 1959

Area and mine	Operator	Address	1959 production, short tons
North Great Dyke:			
Various	African Chrome Mines Ltd.	Post Office Box 124, Selukwe	120, 912
Do	Rhodesian Vanadium Corp.	Post Office Box 2729, Salisbury	58, 742
Feoch	Rhodesian Mining Enterprises (Pvt.), Ltd.	Post Office Box 6, Salisbury	33, 131
Frances	Frances Mines (Pvt.), Ltd.	do	4, 368
Great Dyke	C. de L. Souchan	Post Office Box 1444, Salisbury	2, 399
Roslyn	Rhocrome, Ltd.	Care of B. Gelfand, Post Office Box 1854, Salisbury	2, 057
Yani	R. A. Rawstorne	Post Office Box 6, Salisbury	1, 324
Magundi	Willsmer & Wallace	Post Office Banket	1, 324
Nyamametsi	E. Croucamp	Postal Box 43, Concession	2, 021
Glen Loch, Judith	T. C. G. Biomefield	Care of M. F. Haddon, Post Office Box 2097 Salisbury	553
Glen Loch	Horseshoe Mines (Pvt.), Ltd.	Care of M. F. Haddon, Post Office Box 2097, Salisbury	521
Fry	Fry Chrome Mines, Ltd.	Post Office Box 22, Concession	
N.C.G.F.	Consolidated Goldfields Africa, Ltd.	Post Office Box 2532, Salisbury	
Tuffy	Palm Block Syndicate	Post Office Box 3415, Salisbury	
Divide	Divide Chrome Mines (Pvt.), Ltd.	Post Office Box 1955, Salisbury	
Central Great Dyke:			
Bat	Ebinburgh Dev. (Pvt.), Ltd.	Post Office Box 3615, Salisbury	854
Casey	Leo H. Timmins	Post Office Box 6, Salisbury	7, 615
Mloto	Mloto Mines (Pvt.), Ltd.	Post Office Box 10, Eiffel Flats	
Rutala	Rutala Mines (Pvt.), Ltd.	Post Office Box 2276, Salisbury	11, 353
Umsweswe	Rhodesia Metal & Mining Corp.	Post Office Box 6, Salisbury	18, 686
Cambrai	Rhodesia Cambrai Mines (Pvt.), Ltd.	Post Office Box 155, Gwelo	18, 299
Netherburn	C. O. MacLaran	Post Office, Lalapanzi	2, 345
Dassy	Leo H. Timmins	Post Office Box 6, Salisbury	2, 484
Dassy	J. B. Jeffery	Post Office Box 1473, Salisbury	104
Adam	do	do	257
Rose Chrome Group	Rose Chrome Mines (Pvt.), Ltd.	Post Office Box 867, Bulawayo	
Vrede	L. H. Timmins	Postal Box 2, Que Que	658
Selukwe: Various	Rhodesia Chrome Mines Ltd.	Post Office Box 124, Selukwe	225, 245
Lower Great Dyke: Valkyrie	K. M. Prylinski	Post Office Box 1466, Bulawayo	248
Belingwe:			
Spinel	Inyala Chrome Co. (Pvt.) Ltd.	Post Office Malaga via Belingwe	7, 015
Mlirno	Mlirno Chrome Mines (Pvt.) Ltd.	Post Office Box 12, Belingwe	2, 530
Rhonda	Mapanzuri Chrome Mines (Pvt.) Ltd.	Post Office Box 953, Bulawayo	1, 464
Union	J. B. Fisher	Post Office Box 3241, Bulawayo	1, 445
Harmardick	Harmardick Mines (Pvt.) Ltd.	Postal Box 55, Fort Victoria	1, 040
Eureka	Eureka Chrome Mines (Pvt.) Ltd.	Care of Strathmore Investments, Post Office Box 201, Bulawayo	
United	United Syndicate	Post Office 1, Belingwe	1, 250
Gwanda: Aer	Aer Chrome Mines (Pvt.) Ltd.	Post Office Box 1456, Bulawayo	1, 780
Mashaba: Prince	Rhodesia Chrome Mines Ltd.	Post Office Box 124, Selukwe	8, 907
Total			543, 108

At the end of 1965, about 10 to 15 companies were producing chromite from around 25 to 30 mines in the Great Dyke and adjacent areas. The Great Dyke constitutes the major reserve of chromite in Rhodesia. In that year the largest producer was the Rhodesia Chrome Mines, Ltd., a subsidiary of the Union Carbide Corporation. Together with mines of Rhodesian Vanadium Corporation, Ltd., a wholly-owned subsidiary of the Foote Mineral Company, the output of the Rhodesia Chrome Mines, Ltd., had until that year accounted for about 75 per cent or more of Rhodesia's annual chromite output.

Other chromite producers in the Great Dyke were listed in 1965 as follows:

- African Chrome Mines, Ltd. (subsidiary of Union Carbide Corporation)
- Corsyn Consolidated Mines, Ltd.
- Frances Mines (Pvt.), Ltd.
- C. de L. Souchan
- Inyala Chrome Company (Pvt.), Ltd.
- Middleridge, Ltd.
- Mloto Mines (Pvt.), Ltd.
- Northridge, Ltd.
- Rhodesian Cambrai Mines (Pvt.), Ltd.
- Rhodesian Mining Enterprises (Pvt.), Ltd.
- Rhonda Chrome Mines (Pvt.), Ltd.
- Southridge, Ltd.

Current production figures of the mines listed above were taken from the 1965

Mr. FRASER. I want to go back to this question. If it is the fact that chrome production continues in substantial amounts in Rhodesia, clearly the market must be outside of Rhodesia and, while I think we know that Portuguese Territory and South Africa have not observed the sanctions, the question is, what other countries are not observing the sanctions?

That is the question I am interested in. You say the U.N. Sanctions Committee has information on this?

Mr. CROSBY. Yes, the U.N. Sanctions Committee receives reports of charges of violations of the sanctions.

Mr. FRASER. What do they do when they get the charge?

Mr. ARMITAGE. They refer the reports to the countries whose nationals or whose ships allegedly violated the sanctions and ask for a report or documentation on what has happened.

Mr. FRASER. Is this information public?

Mr. ARMITAGE. Yes, sir. There are large bales of it.

Mr. FRASER. Who in the U.S. Government monitors this on behalf of our Government?

Mr. ARMITAGE. We do and the Africa Bureau does, but this business of trying to document these violations is a very difficult maneuver because the people who are furnishing the documentation, the people who are interested in getting around the sanctions are usually a jump ahead of the information that is supplied.

Mr. FRASER. I have the impression that people who are in the chrome business know what is going on with Rhodesian chrome. They have some sense of how it is getting out on the market and in what form.

Mr. ARMITAGE. I would guess they do.

Mr. FRASER. There are people in the United States who are knowledgeable about this. Can we get this information from them?

Mr. ARMITAGE. I haven't gotten any reports in which they have indicated that. I think they probably know about what the general situation is. Mr. Lawrence suggested that they did, but to know what specific way and how they violate so you can pin the violator, I am not quite so sure.

Mr. CROSBY. We have had one case that went to court where the company was actually established as having violated the sanctions last year. The company was fined by the court and will have other commercial fines to pay.

Mr. FRASER. What company is that?

Mr. CROSBY. Muller is the name.

Mr. FRASER. What kind of company is that?

Mr. CROSBY. It is an importing company, an American importing company.

Mr. GROSS. May I ask a question, Mr. Chairman?

Mr. FRASER. Yes.

Mr. GROSS. Have you discovered any British or Greek vessels flying foreign flags, Liberian or others carrying chrome or any other so-called contraband to Rhodesia?

Mr. CROSBY. No, not British.

Mr. GROSS. Does the information that you just mentioned cover the registry of vessels that have been carrying on any kind of illicit trade?

Mr. FRASER. Don't the British maintain some surveillance?

Mr. CROSBY. Yes, they have direct patrol that operates off the coast of Mozambique, including aircraft and vessels. One of the results of the patrol, much maligned, has been that the oil pipeline which was constructed from the coast of Mozambique to Rhodesia and which was intended to supply the Rhodesian economy with its oil, has never got into operation in the last 5 years. It was constructed and completed just about when the sanctions commenced.

Mr. ARMITAGE. The British are the source of a major part of the information about allegations of violations.

Mr. FRASER. And partly through the surveillance?

Mr. ARMITAGE. Yes.

Mr. FRASER. Do we get information from the British on the direct results of surveillance apart from those? Do we have any continuing communication with them as to the reports they make on ships moving in and out?

Mr. CROSBY. Not daily. Operational reports in a routine fashion, but they do transmit to us information about specific cases that they think constitute violations and we have pursued together with them a number of cases involving, among other things, ammonia, and have been able to block the actual delivery of these goods to Rhodesia.

Mr. FRASER. What would be our best source of information if we wanted to find out more about potential violators?

Mr. ARMITAGE. The Sanctions Committee report, which we would be glad to make available.

Mr. FRASER. We can't get the U.N. officials before our subcommittee. We don't as a matter of practice. What can we do in lieu of that?

Mr. ARMITAGE. I think the Sanctions Committee report is the best source of this information.

Mr. FRASER. What we are looking for is someone who could interpret them and amplify them and explain. In other words, give us some sense of the degree to which there is a genuine effort on the part of the U.N. to make these sanctions effective and the extent to which this is paper work pro forma.

Mr. ARMITAGE. It is essentially—I think “pro forma” is not quite accurate because they are dependent on governments to whom they pass information and, if there is no cooperative response from the governments, of course, they are pretty much at the end of the tether. All they can do is report back to the Security Council.

Governments are generally responsive and they try to trace down and provide some documentation or answer or some investigation themselves when there is a violation. It is difficult to summarize.

Mr. FRASER. I have been given the impression that Japan is somehow involved in this disposition of chrome. Do we have any information on that?

Mr. ARMITAGE. I think the alleged violations have included Japan but they have included most of the other maritime and industrialized nations.

Mr. FRASER. When there is an allegation of a violation in the sense that the country involved can report back, how many of these allegations are proved to be real and solid?

Mr. ARMITAGE. I would have to check into that to give you some numbers, sir.

Mr. CROSBY. I do recall there was one case where there was a charge against a Japanese firm which was alleged to be importing Rhodesian chrome and this information was passed to the Sanctions Committee and through the Sanctions Committee to the Government of Japan.

The Japanese Government investigated the case and made a test of the chemical analysis of the chrome ore that was on the vessel and found it negative.

Mr. FRASER. I get the impression that the sanctions, once imposed—that our interest in what happens to them seems to be fairly modest and minimal. Is that a fair impression?

Mr. ARMITAGE. No, sir; I don't think so. I think in terms of our own enforcement, we have been quite strict.

Mr. FRASER. Don't we have an interest in international compliance?

Mr. ARMITAGE. Yes, we do.

Mr. FRASER. One of the things that is going to destroy any international system will be the failure of member nations to adhere to the rules laid down. Don't we have an interest in that?

Mr. ARMITAGE. We certainly do.

Mr. FRASER. Who tracks on that on behalf of our Government?

Mr. ARMITAGE. We do in the Sanctions Committee in trying to improve their procedures and get them cranked up to do a better job.

Mr. FRASER. Do we have a representative on the Sanctions Committee?

Mr. ARMITAGE. Yes, sir. He works with Ambassador Bush.

Mr. FRASER. Is there one specific person who is assigned to that?

Mr. ARMITAGE. Ambassador Finger has been our representative for the past 3 years; yes, sir.

Mr. FRASER. Would he be available at a later date if we inquire further into this matter?

Mr. ARMITAGE. Yes, sir.

Mr. FRASER. What back-up resources does he have in this connection? In other words, what support does he get in carrying out his responsibilities?

Mr. ARMITAGE. I think you are asking whether we do the investigative work to back him up. I don't think we do, sir.

Mr. GROSS. Have you heard of any further negotiations aboard the *Tiger* or *Fearless*—and I like those names—about any further negotiations with respect to Rhodesia?

Mr. ARMITAGE. There has been discussion in the British Parliament, Mr. Gross, to the effect that they were sort of trying to establish a basis for reinstating the talks. At the present time we do not have any information that arrangements have been made to meet on the *Fearless* or on the shore.

Mr. GROSS. In your statement, Mr. Armitage—I believe it was your statement, correct me if I am wrong—I believe you said the United States would not use force; that we are opposed to the use of force in this boycott in an attempt to bring Rhodesia to her knees. Did we enter into this in full faith with the British at the behest of the British taking us by the hand and leading us up to this interference in the internal affairs of this little nation? Why?

Mr. GROSS. Yes. Why?

Mr. ARMITAGE. I think we are generally reluctant to get in a situation where we apply military force if we think there is any hope of achieving a solution through peaceful means, sir.

Mr. GROSS. Are you telling me inversely that if this boycott doesn't succeed we may go to the use of force?

Mr. ARMITAGE. No, sir.

Mr. GROSS. You are not indicating that in any way?

Mr. ARMITAGE. No, sir.

Mr. GROSS. Do you think this great world power known as Great Britain, and this world power known as the United States, which can't win a military decision in Vietnam could, by going to war, whip the Rhodesians, and of course, the South Africans, and, of course, Portugal?

Do you think we could whip Rhodesia?

Mr. ARMITAGE. I suppose we have that power.

Mr. GROSS. You know why we are not using the force. It is because there would be the damndest upheaval in this country in the present-day climate of public opinion. That is why you are not using force over there and that is why the U.N. is not recommending the use of force.

Mr. ARMITAGE. I don't believe the Government has ever contemplated the use of force in Rhodesia.

Mr. GROSS. The people of this country would never tolerate that kind of force on a friendly nation such as Rhodesia has been. You know it and I know it.

Mr. FRASER. What is the population of Rhodesia, roughly?

Mr. ARMITAGE. Five million.

Mr. FRASER. What is the breakdown between the African and the European population?

Mr. CROSBY. The Africans represent 96 percent of the population and there are 4 percent white. There is a slight population of Indians.

Mr. FRASER. How long have Europeans been settled in large numbers in Rhodesia?

Mr. CROSBY. They have settled there in large numbers in the last 20 years, although some of them have been there for 80 years.

Mr. FRASER. Has most of the European settlement in Rhodesia occurred in this century?

Mr. CROSBY. That is right.

Mr. FRASER. Did most of it occur in the 20th century?

Mr. CROSBY. Yes.

Mr. FRASER. Unlike South Africa?

Mr. CROSBY. Yes.

Mr. FRASER. While the European settlement goes back quite a long time, Rhodesia is relatively recent?

Mr. CROSBY. Yes.

Mr. FRASER. What political representation is afforded to Africans in the Rhodesian political situation?

Mr. CROSBY. They have political groups that have a certain role in the Government in that they are allowed to elect eight representatives.

Mr. FRASER. Eight out of how many?

another eight who are appointed by the tribal chiefs who are essentially employees of the Government, the state machinery itself. They are appointed essentially by the white management, and this is the basis for selection of one-half the African representatives in the future; if there is to be an expansion of the representation of the Africans in the system, it would be 50-50; 50 percent elected and 50 percent appointed by the tribal chieftains.

Mr. FRASER. There has been some change in the system with respect to the separation by races?

Mr. CROSBY. Yes; there have been a number of things that have been done recently. In the past year, for example, a racial tribunal has been proposed along the lines of the similar tribunal in South Africa which investigates an individual person and designates him as a colored person or African or Indian or white person.

It is too early to tell how this will work out in Rhodesia. In South Africa it has had some bizarre and tragic examples of splitting families where they designate one member of the family as being of one race and another member of the family as of another race and they have not been able to associate with each other subsequently.

Mr. FRASER. Are they following the same kind of breakdowns as South Africa in terms of labeling the South African colored, and so on?

Mr. CROSBY. Yes.

Mr. FRASER. Is that fairly new?

Mr. CROSBY. Yes and no. It is new in that it is developing all of the time and they are moving ahead with it. The establishment of this tribunal would be one very important step in that direction.

Another measure that was taken 2 or 3 years ago was the passage of the Land Tenure Act which divided the land evenly between the races, between the blacks and the whites evenly, with 50 percent going to the 4½-percent white and 50 percent to the over 95 percent that are black.

Mr. FRASER. How do the two 50 percents compare to the kind of land involved?

Mr. CROSBY. I think that certainly the kind of land the Africans were allocated was not developed land and I don't know that anyone can say, at least I don't have information as to what kind of resources there may be under the ground there. It is not developed and it appears at this time, by comparison with the white allocated land, to be very inferior, but it may have resources.

Mr. FRASER. Is the effect of this to require that Africans or others who are classified as nonwhite to move out of areas in which they have lived?

Mr. CROSBY. The effect is that, and currently they are considering another act which is designed to move coloreds and Asians out of white residential areas. The title of the bill indicates that it is designed to protect the value of property, property owners' protection bill, and so by application of this bill, they will achieve what is done in South Africa where a certain area is designated a white area and the colored and African and Asian residents of the area are told to get out.

Mr. FRASER. How do these laws affect American church property? Are they caught up in some way?

Mr. CROSBY. American church interests and properties are involved in this and I think that they are having quite a running battle with the authorities as a result, one of the particular reasons being that for the most part, American missionaries are there to serve the interests of the Africans and yet the establishments that they have constructed are in most part where the Government is trying to enforce regulations which would exclude Africans from entering the premises.

They are running schools and Rhodesian regulations will forbid racial mixing in the schools.

Mr. FRASER. Are these church schools?

Mr. CROSBY. Yes; and the schools are seriously threatened by this. This situation is in a state of development now and has not reached a resolution.

Mr. FRASER. This would be true of Government schools as well?

Mr. CROSBY. Yes.

Mr. FRASER. They would preclude anybody on racial grounds?

Mr. CROSBY. Yes; it is apartheid essentially. In many respects, increasingly so.

Mr. FRASER. Are students active in the universities politically?

Mr. CROSBY. Not very.

Mr. FRASER. What happens if they get active?

Mr. CROSBY. They end up in prison. It is again very much like the South African picture. There is a detention law quite like South African legislation that provides that a person can be arrested and incarcerated for an extended period of time, I think 180 days or so, without habeas corpus and without legal assistance.

Mr. FRASER. Without a trial?

Mr. CROSBY. Without a trial and without a charge.

Mr. FRASER. What is the comparative expenditure for African and white children in Rhodesia?

Mr. CROSBY. I don't have that figure.

Mr. FRASER. On education, is there a disparity?

Mr. CROSBY. I am certain there is.

Mr. FRASER. What is the view of the businessmen in Rhodesia? Are they part of the Ian Smith government or would they like to renew trade ties with the world community?

Mr. CROSBY. This is hard to answer. I am sure it is a mixed picture. I am sure the businessmen would like very much to resume normal trade ties because they are suffering quite substantially from the present setup. On the other hand, I have had the impression—and I can't break this down between businessmen and other people—but I have the impression that Ian Smith, who was swept into office in an election in April 1970, has very substantial support in the white community. It is not a marginal support that he has. It is a very high percentage of the whites and I assume that this includes some of the business people, but how they would fall out; I don't know.

Mr. FRASER. Mr. Armitage referred to the foreign exchange problem, or the reserves of foreign currency. What is the situation in that?

Mr. CROSBY. It is so critical that last September the Government had to institute some special additional restrictions, much more restrictive than those that had been applied before. This results from the fact that the exports, despite the sanctions violations that one presumes are going on, the exports have still to reach the level that they had

in 1965, and the country is simply not able to pay for the kinds of imports that it would like to have from South Africa or elsewhere.

Mr. FRASER. I have some more questions but I will stop and let you question for a while, Mr. Gross.

Mr. GROSS. My only observation is that I think these are interesting questions and answers because I think they could be asked of witnesses representing all other areas of Government here and applied to the United States. You would get the same answers regarding the schools, segregation, desegregation, and I am trying to say we have the same problems here in many ways.

Mr. CROSBY. I would agree that we have many similar problems, Mr. Gross. I think that the fundamental difference between our situation and the Rhodesian situation is that it is a studied, official legislative policy to create just the kinds of discrimination and distinctions and second-class citizenship which we are trying to work away from.

Mr. GROSS. Of course, we don't have any great, big Rhodesia breathing down the backs of our necks and telling us what we have to do or suffer the consequences. That is another difference, isn't it, in the way we deal with racial problems, social problems and other things in this country? That is what you are talking about.

I am glad our chairman is asking the questions and I am glad to hear the answers. Don't misunderstand me, but I think we could get a mirror, each of us in this room, and take a look.

Mr. FRASER. I agree with that. One hears repeatedly that the South African Government really doesn't look with much favor on Ian Smith's efforts to hold out in the manner that they are with a disproportion of Africans to Europeans, that they don't think this is going to work.

Do you have any information on that?

Mr. CROSBY. Yes; I think basically they do have that view of it. They regard this as a liability to them because it represents a white regime stretched so thinly that it is an unstable situation. South African officials will tell you that they would be happy to deal with a black majority government in Rhodesia, but I think one has to voice a warning that it is quite one thing for them to say this, perhaps to mean it honestly, and it is quite something else for them to be willing to see the regime that exists in Rhodesia overthrown, probably by force, which likely would be the requirement.

Mr. FRASER. In that connection, is there some cooperation between the South African and Rhodesian security forces?

Mr. CROSBY. Yes.

Mr. FRASER. Can you outline what you know of that?

Mr. CROSBY. Essentially it amounts to the presence of a not very large number of South African police officers, who operate in the border areas of Rhodesia to detect and catch liberation fighters, guerrillas, who may be intending to come down into South Africa. They do work together and coordinate their operations with the Rhodesians.

Mr. FRASER. Mr. Gross, do you have any more questions?

Mr. GROSS. No questions, thank you.

Mr. FRASER. If I understand it correctly, we will receive some information as to the pricing trends and the extent to which sanctions may have had an impact.

We would like that done fairly carefully. I think it would be helpful if we could get the pattern of exports.

I would like to know the export pattern out of Rhodesia as to where the chrome goes before sanctions, if that is available, and then if we could have the pattern of U.S. imports of chrome, say, over the past 10 years. I hope the prices will come either in the same table or separately.

We have been told that Ambassador Finger would know the most about the U.N. enforcement of sanctions.

Mr. ARMITAGE. Yes, he participates in their meetings. They meet frequently now. They had a squabble last year about the composition and were out of session for a few months, but they have been meeting this year.

Mr. FRASER. Let me say that the hearings this afternoon were primarily to give us background. We want to hear from the authors of these resolutions next week and then we will have to make an assessment of where we will go from there.

If you can supply us with the information regarding U.S. citizens who would have knowledge of where Rhodesian ore is going, we would like to have their names and we would perhaps see if they would be willing to come before us.

Mr. GROSS, do you have any questions?

Mr. GROSS. No, Mr. Chairman.

Mr. FRASER. The next meeting will be held Tuesday afternoon at 2 o'clock, the 22d of June.

(Whereupon, at 4:15 p.m. the hearing adjourned, to reconvene at 2 p.m., June 22, 1971.)

ECONOMIC SANCTIONS AGAINST RHODESIA

TUESDAY, JUNE 22, 1971

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
SUBCOMMITTEE ON INTERNATIONAL
ORGANIZATIONS AND MOVEMENTS,
Washington, D.C.

The subcommittee met at 2 p.m., pursuant to recess, in room 2255, Rayburn House Office Building, Hon. Donald M. Fraser (chairman of the subcommittee) presiding.

Mr. FRASER. The subcommittee will come to order. The purpose of today's hearing is to take further testimony on legislation relating to the economic and political sanctions against Rhodesia. During our first hearing last Thursday, we heard from witnesses representing the Department of State and the Office of Emergency Preparedness.

Today, we welcome the presence of three of our colleagues who have introduced legislation relating to the question at hand. They are Hon. James M. Collins, of Texas, who is the primary sponsor of a bill which would amend the United Nations Participation Act of 1945 so as to forbid prohibitions of imports of strategic or critical material from any free world country for so long as the importation of like commodities from any Communist country is not prohibited by law; the Hon. John R. Rarick, of Louisiana, who has introduced legislation identical to that of Congressman Collins, and House Congressional Resolution 60, which calls on the President to endeavor to bring about the revocation of U.N. sanctions against Rhodesia; and Hon. Jack Edwards, of Alabama, who also has sponsored legislation identical to the Collins bill, and House Joint Resolution 423, which calls on the President to resume trade relations with Rhodesia.

Following the testimony of our colleagues, we will hear from four representatives of private industry. They are:

Mr. L. G. Tonly Bliss, president, Foote Mineral Co.;

Mr. Fred C. Kroft, Jr., president of the Ferroalloys Division of Union Carbide Corp.;

Mr. Blair Bolles, vice president, Colt Industries, Inc.;

Mr. E. F. Andrews, vice president in charge of purchases, Allegheny Ludlum Steel Corp.

We will begin with Congressman Collins.

STATEMENT OF THE HONORABLE JAMES M. COLLINS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, my bill, H.R. 5445, is introduced with 43 cosponsors to provide our country with essential strategic critical materials. The subject concerns the revocation of foreign economic

As we know, the Constitution of the United States of America, in Article I, section 8 specifies, "The Congress shall have the power * * * to regulate commerce with foreign nations." This is the responsibility of you gentlemen on the Foreign Affairs Committee.

At this time, our country is living under an embargo placed by the United Nations. The United Nations Security Council has ruled that the small country of Rhodesia is a threat to world peace. This is the same U.N. Security Council that refuses to discuss Vietnam and does not recognize that a crisis situation exists in Vietnam at all.

Because of this trade sanction, the United States is handicapped in procuring the strategic material of chromium. Instead of a friendly, free nation as our primary source of supply, we are now relying on Russia.

My bill makes no reference to Rhodesia or Russia. It impartially states that if we buy a strategic critical material from any Communist country, that we should also be entitled to import critical material from any free country in the world.

Why should the sanction apply to the United States and not apply to Rhodesia's neighboring country of Zambia, which does \$30 million a year in business. Zambia certainly would be the country most concerned if there was any threat to world peace. Yet the United States is only seeking about \$10 million in annual trade and we preclude ourselves.

Chromium is on America's list of vital strategic raw materials. Chromium is essential in the manufacture of stainless steel and strong alloy metals used in jet aircraft, missiles, construction, automotive and industrial tools. The U.S. chrome consumption each year is one-quarter of the world production of 5,635,000 tons.

The United States does not mine chrome domestically and has not in the past decade. We are totally dependent on imports and our emergency stockpile. Russia now supplies us with 45 percent of our total supply. Add to this the 15 percent of current American requirements, which were secured by dipping into our emergency stockpile.

The estimated free world reserves and potential resources of metallurgical chromite total 418,925 million tons. Seventy-one percent of these reserves are located in Rhodesia. Twenty-four percent are in South Africa and 2-plus percent are in Turkey and about 3-plus percent are in all of the other free countries of the world. We should not consider Turkey as a source of chrome because Japan is now arranging for plans and the development of the entire Turkish market to go to Japan.

Low grade chromium which is declining in application and importance can be obtained from the Philippines. This so-called low grade, refractory type of chrome has been used for lining open hearths. These hearths are being replaced by oxygen furnaces.

From practical economics this chrome sanction hurts the United States. Our cost price zoomed from \$31 a ton in 1965 to \$72 a ton today. This is what the Russians did to the market with a monopoly situation, because at the same time we understand from Rhodesian information, that Rhodesians are selling chrome ore delivered on the world market at \$45 a ton. What justification can we in Congress make for causing this inflationary, premium price to be paid by the United States?

The embargo policy against Rhodesia has not stopped the sale of their chrome but has only stopped the sale of their chrome to the United States. The London Times stated that Rhodesian chrome has been going to Communist China. This is an unusual situation where we have a nonfriendly nation building up its defense system while we are trying to retard ours. Where is Japan securing their additional chrome needs for their stainless steel increases?

The chromium mines in Rhodesia are operated by the American firms of Union Carbide and Foote Mineral. These firms cannot export to the United States. If there is any profit made, it should be made by American companies whose profits would represent American taxes. Today the principal profits made on supplying ore are being made by Russia.

The question on metallurgical chrome is, shall we continue to be completely dependent on Russia? It has been said that the sanction was invoked against Rhodesia because the Government does not represent a true democracy. This sanction was invoked at the time Rhodesia became independent instead of an English colony.

We, in this country, admire their desire for independence. In the future, Rhodesia will find, as the United States has, that England will be one of her closest, friendly nations.

Why should Rhodesia be singled out, when there is not a single democracy in the whole continent of Africa. If self-determination is a United Nations feature, why do we do business with Russia, Red China, Latin American dictatorships or any other authoritarian country?

Rhodesia always had friendly relationships with this country. The last year of free trade they bought \$23 million goods from us where we only secured \$10 million from them, which is about two to one favorable for the United States in trade balance.

This embargo sanction has not hindered Rhodesia in establishing its independence. Its economy has been able to grow at 1 percent a year whereas one might have thought the entire country would have suffered. The spirit of the Government and popular support indicates that the present Government is stable and permanent. Detractors have said this embargo issue reflects a race policy in their Government. Rhodesia has a bicameral Parliament, like we do in the Congress of the United States. Their Senate is made up of 12 white and 11 blacks, whereas our Senate has 99 whites and one black. Their House has 50 whites and 16 blacks, whereas our House has 422 whites and 13 blacks. Certainly we in the United States are in no position to pass judgment.

This bill does not specify any foreign country. It deals with critical, strategic material that is essential to the protection and defense of the United States. It provides the right of our country to be able to buy critical material that is essential to the protection and defense of the United States. It provides the right of our country to be able to buy critical materials from any free country if at the same time we are buying strategic materials from a Communist country.

Sixty-seven percent of the world's metallurgical chromium reserves are in this small country of Rhodesia. Chromium is the major important ingredient needed to make stainless steel and special strength

alloy steel. These are essential in missiles, airplanes, ships, and in multiple defense needs.

The U.S. Constitution specifically states that—

We the people * * * in securing the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

In article I, section 8 states :

The Congress shall have power to regulate commerce with foreign nations * * *

The question before this subcommittee concerns the defense of this country. Do you abrogate your responsibility as Members of Congress to establish the foreign trade policies of the United States?

This bill represents the greatest test of the need, the responsibility and the importance in the House of Representatives of the Foreign Affairs Committee. This bill H.R. 5445 resolves three issues.

(1) Russia shall be treated impartially and on the same basis as other countries.

(2) All free countries in the world would be available sources of supply for critical, strategic materials to the United States.

(3) The United States would again have adequate chromium ore and would no longer be faced with a critical raw material shortage that is so important to our national defense.

Thank you, Mr. Chairman.

Mr. FRASER. Thank you very much for a very forthright statement, Mr. Collins.

We have a quorum call on now. I don't know what your wishes are. You would probably just as soon get through.

Mr. COLLINS. It is up to the subcommittee.

Mr. FRASER. Let us see if we can ask whatever questions we have. Mr. Findley.

Mr. FINDLEY. Thank you, Mr. Chairman. Mr. Collins, would the effect of your bill be to prohibit the United States from taking part in economic sanctions voted by the Security Council? Would that be a fair interpretation of the effect?

Mr. COLLINS. It would amend the United Nations participation act so as to preclude any situation that sanctions applied for a Communist country. In other words, it has this effect—it applies to the situation where a Communist country is the one that sanctions are protecting, and where that Communist country has critical strategic raw materials it says if the sanctions apply to favor a Communist country, that any free country may supply us with strategic raw material.

Mr. FINDLEY. I understand the objective of your bill and I sympathize with it but I am wondering if the effect of it would be as a practical matter to make it impossible for us to participate in sanctions under the authority of the United Nations. It would certainly tie it down rather tightly; would it not? In other words we could not participate in economic sanctions unless those very same sanctions were imposed against Communist countries. Is that a fair assessment of it?

Mr. COLLINS. Yes, sir; but also interesting, this is the first time in all the period the United Nations has been in business that they have applied any type of sanction and they applied this in the name of world peace stability against this little country, Rhodesia. So, it is hard for me to understand this country.

Nations. I don't recall any other time when they have used it. Do you recall any?

Mr. FINDLEY. I can't cite any. I think it was a shortsighted action, myself.

Mr. FRASER. Mr. Halpern.

Mr. HALPERN. Thank you, Mr. Chairman. I want to commend our distinguished colleague for appearing here today and for giving us the opportunity of hearing his views and to review the legislation which he and so many of our other colleagues have sponsored. I note on page 2 of your testimony that you state the Soviet Union has a monopoly on the chromium market. Yet by your own figure the Soviet Union supplies us with only 45 percent of our total supply.

How does this constitute a monopoly?

Mr. COLLINS. First 15 percent we dipped into out of our old stockpile which is certainly a difficult way to satisfy a shortage. We reach down and start filling in from the stockpile. Another thing, we have been using Turkey as a source and the Japanese are already working with Turkey in order to establish a plan. As you know the Japanese are big steel suppliers in the world. They are moving in and they are going to take over that market.

We talked about 60 percent plus Turkey. When you look at the metallurgical ore which is the best high-grade ore, practically all of that ore outside of Russia is in either South Africa or Rhodesia; 95 percent of the metallurgical ore is in these two countries. So we are talking about South Africa-Rhodesia as a source, or about Russia. Russia has forced the price high in the market. Russia sells for \$72, delivered, whereas Rhodesia is selling for \$45 delivered today.

It looks like monopoly or it would not have been free market influence that caused that differential.

Mr. HALPERN. On page 2 you state, "Turkey should not be counted as a source of chrome because Japan is now arranging for plants and the development of the entire Turkish market to go to Japan." What ever do you have to indicate that such a move would shut out American importers? The State Department expert testified here last Thursday that we have increased our purchases from Turkey.

Mr. COLLINS. We have. As I understand it from those sources, I understand from the State Department sources that Japan has made arrangements with Turkey and is in the process of building these plants. Turkey, as such, could not be considered a reliable, strong source of supply, being as close to Russia as it is, besides Japan plans to buy the Turks' ore.

Mr. FRASER. Mr. Collins, I am interested in the question of the U.S. relationship to the United Nations on this. Mr. Findley raised this issue with you. Is it your view that the United States should stake out its own position with respect to agreeing with or participating in any sanctions which are authorized by the United Nations.

Mr. COLLINS. I believe this country should never subordinate the position of the United States to any one regarding its foreign commerce. You see this is a foreign commerce matter. It is not a world-wide matter. In fact, the U.N. does not recognize Vietnam so I am not sure what the United Nations does consider as critical to world peace.

But this is a foreign commerce matter. I believe this subcommittee should take the action and not the United Nations.

Mr. FRASER. I wish we had some authority. We seem to have lost that along the way to the Ways and Means Committee. But we do belong to International Arrangements that deal with trade and tariff, the so-called GATT. It is an international agreement to which we make certain commitments. To the extent that you are aware of these, do you favor participation?

Mr. COLLINS. I favor anything fair and equitable. But what is unusual about this is here in Zambia, and if there is any threat to peace they would see it; they do \$30 million in business with Rhodesia yearly and yet they have a U.N. sanction against us doing \$10 million. It does not seem to me like they have a real trade system applying to all countries.

Mr. FRASER. I don't want to argue the Zambia case, but I think there is provision made where a country is unable to sever trade relations, that special circumstance can be taken into account. I understand Zambia has been attempting to reduce its dependence on Rhodesia.

Mr. COLLINS. I believe in exceptions to all rules. That is why we recommend this exception, that where a Communist country is a source of critical material we think the United States should have another source.

Mr. FRASER. Would it be fair to say the reason you would favor this change in the law is predicated on your belief that the sanctions against Rhodesia are wrong in the first instance?

Mr. COLLINS. I think the thing that is paramount is the national defense of America. My bill does not state Rhodesia or Russia but it does state a Communist country as a primary source of supply. There are too few sources. Russia is self-sufficient in 29 critical materials but we are only self-sufficient in 10. That has always been part of the Russian doctrine, to see us inadequate. And we are not only inadequate but we are looking to them for our source. This is not a good defense policy.

Mr. FRASER. There was a question earlier about other instances of sanctions. The only one I know of is during the time of the League of Nations there was an effort to impose sanctions on Italy.

Mr. COLLINS. But that was not the United Nations. We have been going for 25 years and have not had sanction embargoes with the United Nations.

Mr. FRASER. The League of Nations sanctions against Italy did not work very well. Some people attribute the decline of the League of Nations in the beginning of World War II to the failure of the League of Nations to take effective action against Italy under those circumstances. I am wondering if in the future there would be a clearer case than you now see in the Rhodesia instance; where, should sanction effort be attempted by the United Nations, then we would be confronted with this provision which prevented us from participating fully.

Mr. COLLINS. Only if it is a Communist country. This is not an open sanction, and I am basing this amendment on the fact that we are a democracy and plan on keeping our country that way, and the Communist system is contrary to our system. I believe where we have

determined for our free democracy to remain a democracy, that we have to think of America first. If a Communist country is involved in sanctions, then a free country would be entitled to trade with the United States. It does not apply to any one except a Communist country. If the sanctions are against any free country we abide by them. It is where the Communist countries are supplying us.

Mr. FRASER. I understand, but suppose one so-called free nation clearly participates in open aggression against a neighbor. Do armies march across the boundaries when the clear intent is to conquer the territory? United Nations meets and sets sanctions against the aggressing nation. Let us say that in the past we have secured some mineral resources from that country. The mineral resources were also available from Communist countries. Under those circumstances we would be precluded from participating in the sanctions under your bill. Am I right?

Mr. COLLINS. Yes, sir. We would if it were in any way considered a Communist country involved. But, Mr. Chairman, the thing I want to bring out clearly is that only once in the history of the United Nations have they invoked sanctions and that is against this little country. And it was not a world peace angle. It must have been other factors. Here this same United Nations Security Council refuses to recognize that the United Nations is involved in Vietnam.

Mr. FRASER. That goes to my earlier question. You place a lot of weight on your feeling that the sanctions against Rhodesia are wrong. In other words, wouldn't it be better to address that question directly rather than to write a law that may impose restraints on the capacity to engage in collective response to aggression somewhere?

Mr. COLLINS. As an example we are entering trade now with China. I think there is much to be said for that, but I would like for this same thing to apply in China. If China becomes our source of material, and they are a Communist country, we should never have to be bound with China as a sole source or at least the majority source. I would like to see this carried forward. I think the trade with China and Russia is all right but never to the point where we are bound to trade with them, or that we preclude free countries from not trading with the United States.

Economic sanctions can be strong but when you start with a number one customer that Rhodesia has and says this is an exception, you have not introduced much in the way of a sanction. This is their major customer, Zambia. We are not really talking about a sanction here.

Mr. FRASER. I just wanted to make sure I understood what your objectives were.

Mr. DELLUMS. Congressman Collins, I have one question. On page 4 you assert that blacks have better representation in Rhodesian Parliament than in United States Congress. You made a strong point in that comparison. Can you tell me the percentage of blacks in Rhodesia as compared with the percentage of blacks in the United States?

Mr. COLLINS. This is an interesting point. There are 96 percent or 95 percent blacks to 5 percent white. The percentage is not there, but if you will take the Senate as an example where Rhodesia has 12 white and 11 black. Our Senate has 99 white and one black. Even percentagewise what got me about this situation, Mr. Dellums, is I wonder why we in the United States feel we have settled all of our own race

...ing, because we have many problems in every section of our country.

Mr. DELLUMS. At one level in terms of the issue of representation of blacks in this country, I am obviously inclined to agree with you. Black and other minorities are thoroughly and totally underrepresented in this country. But at the same time isn't your comparison unreal because with 96 percent, should not the representation of blacks in Rhodesia be much more dramatic than the figures indicated?

Mr. COLLINS. It is not in balance to the proportion.

Mr. DELLUMS. On that basis, is the comparison a fair one?

Mr. COLLINS. No; but when I looked at our Senate in the United States—our black population is 12 percent—we should have 12 U.S. Senators if it were based on that and we only have one. So we have a big disparity in our own country. When I hear people on this issue, and I don't want the race issue involved in it, but we in this country are not a model country to solve all race problems for the world. I agree with your figures that it is not representative.

Mr. DELLUMS. The point I want to make is that you did establish that as one of the arguments and I was trying to see whether it was a serious argument or a valid comparison.

Mr. COLLINS. It was more of an answer than an argument.

Mr. DELLUMS. Can I raise a second question? Let us move to a principal issue, because earlier I heard your discourse on economic questions. Isn't there a principle involved here that even though we have not done the job of dealing with the issue of racism and discrimination and other social ills in this country, that if we are in fact a democracy we have some responsibilities to try to achieve that in other places of the world, using policies short of war. Don't we have some interest in establishing the whole concept of what democracy is all about? And if I understand democracy, it is where the people have the information, and then are capable of governing themselves. In Rhodesia I don't see that taking place.

Mr. COLLINS. You are probably right but you asked the question first, is it our responsibility to establish democracy all over the world? As I understand the United Nations Charter—

Mr. DELLUMS. We wage war under that assumption. We are in Vietnam ostensibly because of that.

Mr. COLLINS. Because the United Nations has in its charter they will never be involved in the individual internal policies of a country. That is my understanding, that the United Nations, as a matter of principle will not become involved. As a personal principle I do not think we should get involved in any country in establishing or determining their government. I believe in the right of self-determination of all countries. I think the worst mistake we ever made in Vietnam was when we took a position on Diem and caused his overthrow saying he was unfit. There are many countries in Africa besides Rhodesia, and they are all entitled to self-determination.

Mr. DELLUMS. My final question. Many Members of Congress have stated we have 436 people who wish to achieve world peace. That, in fact, there are no hawks in Congress. Everyone wants peace. That is true. But if that is true then isn't it realistic to assume if we are going to achieve peace you have to strengthen some world organization capable of handling international disputes short of the insanity of war.

should support.

Then, shouldn't we explore other nonwar methods of trying to deal with international disputes? Isn't the sanction against Rhodesia one of those efforts; to try, short of war, to handle international disputes?

Mr. COLLINS. Any way that we can have peace in the world I would agree with you. We all want it, and I am with you on this situation in Vietnam. But now taking the most critical war situation we have, they do not take a positive position on this in the United Nations. They have never really gotten into the real tough world situation we have today. Here the United Nations takes this little independent sanction deal—and I wish we had some strong power—I wish the United Nations were a strong entity. But my appraisal is that they have been weak in their actions.

The great value of the United Nations is to be a talking forum.

Mr. DELLUMS. I have no further questions.

Mr. FRASER. Mr. Gross has come in since you arrived.

Mr. GROSS. I am glad to see you, Mr. Collins. I certainly endorse your resolution and again thank you for appearing.

Mr. COLLINS. Thank you very much.

Mr. FRASER. Our next witness is Congressman John Rarick.

STATEMENT OF THE HONORABLE JOHN R. RARICK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Mr. RARICK. Mr. Chairman, members of the subcommittee, I am thankful for the opportunity offered by this subcommittee to examine our country's policy relating to sanctions against Rhodesia. In my thinking, the entire theory of retributive punishment against a sovereign nation in the hopes of intermeddling in the internal affairs of that nation is wanton folly—sought as a dignified effort to commit piracy.

We are given three basic reasons for refusing to grant diplomatic recognition to Rhodesia, all of them false, as I will demonstrate.

First, we are told that we must honor the sanctions on the country which were imposed by the United Nations Organization. Let us look honestly at these sanctions, from either the point of view of objective evaluation of their validity or from the point of view of the interest of the United States.

Objectively the sanctions were either the conniving of the Soviets, manipulating the black puppets of the 42 so-called emerging nations which make up a significant and controllable bloc in the General Assembly, or they were the petulant pouting of spiteful children who are going to spit on the pie if they cannot have it to eat.

The idea that peaceful Rhodesia—nonaggressive, and with no announced threat to its neighbors—is a threat to world peace—because some other nation may make an aggressive attack on Rhodesia—is the kind of poppycock that thinking Americans are sick of hearing. Besides, too many Americans have been to Rhodesia to continue swallowing this fabrication, which has been invented for political expediency.

Rhodesia has a population of 4,670,000, while Washington, D.C., has a population of 756,510. Yet the District of Columbia police force has 5,100 men, while the Rhodesian Army totals under 4,000, with less

than 1,000 being European or white. Although the Rhodesian Army is smaller than the police force of Washington, D.C., no one has yet suggested an embargo against our Nation's Capital as constituting a threat to international peace.

Even though our treaty obligations made pursuant to our Constitution are the law of the land under our Constitution, the actions of the United Nations Organization or any of its organs, no matter how prestigious, are binding on us only if we choose to be bound.

Noteworthy, the only conceivable justification for such an act of warfare—and a declared blockade under articles 39, 41, and 42 of the United Nations Charter is an act of warfare—is the determination by the Security Council that a target nation constitutes “any threat to world peace, breach of the peace, or act of aggression.”

This is like saying that a solvent bank is a dangerous threat to law and order in the community because some criminal may rob or burglarize it; therefore, to preserve public peace it must be boycotted and destroyed.

In the debate relating to the imposition of trade sanctions against Rhodesia, it was not shown—nor could it be—that Rhodesia was a threat to world peace.

The Security Council procedure during the debate deviated from the U.N. Charter provisions since Rhodesia was not permitted to be present and was even denied the opportunity to be heard or participate in its own trial pursuant to article 32.

Furthermore, under the U.N. Participation Act, the U.N. representatives are authorized to perform in connection with the United States in the UNO as the President may direct from time to time.

In some instances it suits our domestic political purposes or our international relations to be bound, and we ratify the UNO decree by our acceptance. In other cases, where it does not fit the policy of the United States, we have many convenient ways of avoiding the impact of UNO mandates.

For example, Israel is in violation of repeated mandates by the Security Council to withdraw within its own borders and cease its aggressive military operations against its neighbors. As a member of the Security Council, as well as of the United Nations Organization, it might be urged that we should apply the same standards to the violation of these mandates as to any other, but instead, we are aiding and abetting their repeated daily violation. Not only do we give financial support to Israel, through tax-free bonds enjoyed by no other nation, we actually manufacture and sell to the Israelis the weapons with which to continue their alleged transgressions against UNO authority.

It has been suggested by some critics of our very elastic interpretation of our obligations to the United Nations Organization that the Rhodesians would fare better if there were more Rhodesians voting in New York. I offer no opinion on this idea.

Nor is Israel the only such example of our highly variable standard.

Red China is actually at war with the United Nations Organization—or with the United States, if you desire to pierce the thin veil of illusion. Remember Korea—the U.N. condemnation of Red China as an aggressor nation in 1951. Yet recently the Nixon administration announced relaxation of trade and travel restrictions and reportedly

will back a two-China U.N. seat to the prejudice of our U.S. ally of long standing—Nationalist China—thus having the effect of rewarding aggression.

The President also indicated he would like to visit Red China. Perhaps he intends to use his visit to negotiate ending the war in Korea—a war which is interrupted by a shaky cease-fire with U.S. casualties continuing whenever it suits propaganda purposes for the Reds.

The President can take comfort by hiding behind the sanctions imposed on Rhodesia by claiming U.N. cooperation. Red China and Israel have both been condemned as aggressors but without U.N. imposition of economic boycott. So Rhodesia, it can be said, remains saddled with sanctions differing from other U.S. action which require positive action by Congress under its exclusive power to regulate commerce with foreign nations.

The obviously intended thrust of the U.N. sanctions, participated in by the foreign policy experts of both national parties, was to placate the British Government in their expectation that the new revolutionary government of Prime Minister Smith could be toppled in a short period of time. The sanctions must then have been intended as a temporary political expediency to internationally embarrass the Rhodesian politicians and to encourage a “created poverty” in the hopes of stirring dissension and dissatisfaction among the Rhodesian citizens.

That U.N. sanctions have failed is self-evident. Rhodesia continues as a free republic. U.N. members, including the Soviet Union, trade with Rhodesia whenever trade in strategic materials such as chrome and petalite is deemed necessary to their nations’ interest.

As a second reason suggested for continuing sanctions, we are told we must not offend the United Kingdom by granting recognition to a former colony whose independence does not meet with approval of the British Government—neither with the dictates of the Labor Party formerly in power—nor with the Conservative Party presently in power.

There may or may not be a good reason for being the rubber-stamp endorser of British colonial policy. If there is, it has never even been suggested to the American people nor to their representatives in the Congress, must less explained to any of us. I, for one, have had enough of the British willingness to fight to the last American, whether in Rhodesia or elsewhere. I believe the majority of the American people share this view.

We do not find our British brethren anywhere near as solicitous of our feelings as they desire us to be of theirs. While Americans die in combat in Vietnam, ships flying many of the flags of the British Commonwealth sail in and out of the port of Haiphong, trading with the enemy and supplying him with the necessary materiel for his slaughter of Americans. And this, even though Britain is also a signatory of SEATO. Despite the threat to the United States from the presence of Soviet missiles and missile bases in Castro’s Cuba, our Canadian friends, a nation of the British Commonwealth, carry on a sustaining trade with Havana.

For 5 years the Government of Rhodesia has demonstrated that it is here to stay as a stable and responsible government. Nor do even the British suggest a desire to violently overthrow the existing govern-

ment to restore colonial rule over Rhodesia. Both British parties when in power have always announced that they intend the Rhodesians to have home rule and self-government—the opposition by the British royalty and political leaders is simply that they would prefer a political group of their choosing to be in power in Rhodesia in order to help the political future of Great Britain.

For the United States to continue sanctions behind the smokescreen that Rhodesia is but a token rebel government which ought to remain subject to the sovereignty of British is to perpetuate the myths and superstitions of unreality.

Our British friends plead for our cooperation in recognizing their plight because they are helplessly outvoted in the U.N. by the black racist regimes in Africa, many being their freed former colonies.

Britain and the United States have a combined population of over 250 million, while the population of all of Africa is just over 355 million. Yet, while the United States and England have two votes in the U.N. General Assembly, the Africans have 41 votes. In fact, under present composition, two-thirds of the U.N. could represent 10 percent of the world population.

Should the United States side with Britain in any issue contrary to the best interests of the United States? Britain certainly knew in sponsoring her former colonies for U.N. membership that her 55 million people would be out democratized by any “one-tribe, one-vote” theory where there was no equal representation based on the usual requisites to civilization.

A third reason advanced for continuing sanctions against Rhodesia is the concept which has been drummed into American ears for years, that there is something bad about the Government of Rhodesia and about the Government of South Africa because these nations are ruled by civilized white men rather than black masses, be they civilized or savage. A false corollary to this propaganda line is that something must be wrong with the “democracy” in these lands, since where savages manifestly outnumber civilized men, a one-man, one-vote situation would obviously result in a savage rather than a civilized government.

A recent report from UNESCO announced that 97 countries of the world have illiteracy rates of 50 percent—and in twenty countries 95 to 99 percent of the inhabitants are illiterate. And, according to UNESCO, the situation, contrary to public opinion, has grown worse in some countries.

In short, we are urged not to recognize a government using the criterion of whether or not its internal political processes are in accord with some intellectual's theories of “democracy.”

Let us examine our foreign policy from this angle, and demolish once and for all, this totally inane and dishonest argument.

If we were to honestly accept this as a standard for recognizing a foreign government, we should at once withdraw our ambassadors from half the nations of the earth. Diplomatic relations should be broken at once with the Soviet Union, as well as its satellites Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, and even Yugoslavia and Albania. If we listen to the complaints of certain dissidents in Northern Ireland, we might even have to withdraw our recognition

Any government which resulted from a coup—or for that matter, from an election not to our liking—would go beyond the pale and diplomatically ostracized. Remember, even the caste discrimination in India can be repulsive and shocking to some.

Foreign policy pronouncements by President Nixon have indicated a relaxing if not an abolition of all trade barriers. Lately the announcement was made that trade by our country with any nation was not to be considered as approval by our Nation of that country's leaders or its domestic policies.

President Nixon defined his Nixon doctrine as:

In effect we are encouraging countries to participate fully in the creation of plans and the designing of programs. They must define the nature of their own progress. For only in this manner will they think of their fate as truly their own.

Following the election of Allende, the Marxist-Communist in Chile, President Nixon stated:

The new Government in Chile is a clear case in point. The 1970 election of a Socialist President may have profound implications not only for its people but for the inter-American system as well. The government's legitimacy is not in question, but its ideology is likely to influence its actions. Chile's decision to establish ties with Communist Cuba, contrary to the collective policy of the OAS, was a challenge to the inter-American system. We and our partners in the OAS will therefore observe closely the evolution of Chilean foreign policy.

Our bilateral policy is to keep open the lines of communication. We will not be the ones to upset traditional relations. We assume that international rights and obligations will be observed. We also recognize that the Chilean Government's actions will be determined primarily by its own purposes and that these will not be deflected simply by the tone of our policy. In short, we are prepared to have the kind of relationship with the Chilean government that it is prepared to have with us.

On Rumania, President Nixon said:

In 1969 I visited Rumania—a Warsaw Pact country—the first visit by an American President to a Communist country in 42 years. President Ceausescu visited Washington in 1970.

Rumania takes positions on many major issues quite different from our own, but we both recognize the right of every nation to develop its own policies in light of its own interests. Therefore our differences do not preclude consultation or practical cooperation.

On Yugoslavia, President Nixon said:

In 1970, on President Tito's invitation, I paid the first visit by an American President to nonaligned Yugoslavia. We exchanged ideas on major international issues, especially on the Middle East. We broadened our ties of cooperation on the basis of mutual interest and a mature respect for our acknowledged differences. President Tito has now accepted my invitation to pay a return visit to the United States.

On Red China, President Nixon said:

We are prepared to establish a dialog with Peking. We cannot accept its ideological precepts, or the notion that Communist China must exercise hegemony over Asia. But neither do we wish to impose on China an international position that denies its legitimate national interests.

Why persist therefore in a double standard on trade with Rhodesia?

If the United Nations Charter is to be given any significance, article 1, section 7 must be considered:

Nothing contained in the present Charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of

The previous Washington administration implemented the United Nations call for sanctions and issued regulations on both March 2, 1967, and August 13, 1968, that included automatic penalties against any American business or industry trading with Rhodesia.

American investment in Rhodesian chromite mines has been sizable, and American-owned firms were producing most of the chromite ore imported into the United States. Union Carbide Corp. and Foote Minerals Co. owned these mines. The Treasury Department was made responsible for enforcing the executive orders that spelled out sanctions against trade with Rhodesia.

The two companies have petitioned the Treasury Department at least to permit them to bring into the United States that chromite ore already mined, paid for, and stockpiled in Rhodesia. Union Carbide has over 150,000 tons paid for and Foote Mineral has 57,000 tons. Both companies are investing sizable amounts of money to keep the mines operating in order to avoid possible flooding.

The second major element, petalite, is even more critical. Rhodesia is the only commercial source of this ore which is used in civilian glass and ceramic manufacture.

What is even worse, we are now buying 60 percent of our total chromite imports from the U.S.S.R., which has steadily increased prices to us since we stopped importing Rhodesian ores. Moscow has raised the cost of chromite 50 percent and has no petalite for us to buy. At least we can be grateful for that.

The official double talk that keeps on trying to make Rhodesia a threat to peace and an enemy of this country is totally unworthy, even of people who guessed wrong and don't want to admit it. We should release Rhodesia from the restrictions on trade between our two countries. It is something of a minor miracle that Prime Minister Ian Smith has led the Rhodesians to continue a high regard for American principles, the American people, and our symbol as the world's leader for liberty. The least we can do is to repay that loyalty by recognizing Rhodesia as our friend and an ally of the free world.

Mr. Chairman, I have several bills before the Committee on Foreign Affairs that could remove any obstacle or cloud of excuse preventing the executive department from lifting the sanctions, or at least modifying the sanctions where it is known to be in the best interest of the American people and specifically our national defense.

H.R. 8967 contains the phraseology of the Collins bill and would amend the United Nations Participation Act to remove prohibition or regulation of imports of strategic and critical materials, the produce of any foreign country or area not listed as Communist-dominated.

House Concurrent Resolution 60, calling for a sense of Congress that the President through the U.S. delegation to the United Nations take steps to revoke the U.N. economic sanctions against Rhodesia.

H.R. 360, that the U.N. Participation Act of 1945 be repealed in toto. H.R. 360 was introduced with the express intent that two wars and continued adherence to U.N. political rulings have proven that the Participation Act is too broad and has in far too many instances

superseded and usurped the Constitution of the United States to the detriment of U.S. citizens.

While I feel H.R. 360 offers the soundest solutions; that is, by repealing and completely relegislating, I also recognize the opposition at hand. Therefore, I feel the provisions of H.R. 8967, or legislation of similar provision offers the American people the fastest relief from the sanctions against strategic and critical materials and would encounter the least resistance or controversy.

The Rhodesians throughout history have been our ally and friend. They fought beside our men in World Wars I and II and offered troops to aid us in Vietnam. The Rhodesians have indicated time and time again they want to be our friends but not at the price of letting us dictate how they should run their country.

Mr. FRASER. Thank you very much, Mr. Rarick. Mr. Dellums has another subcommittee commitment so I will recognize him first for questions.

Mr. DELLUMS. Thank you, Mr. Chairman. Congressman Rarick, in your prepared testimony you made some rather extraordinary statements. On page 1 you mention that:

Objectively the sanctions were either the conniving of the Soviets, manipulating the black puppets of the 42 so-called emerging nations which make up a significant and controllable bloc in the General Assembly or they were the petulant pouting of spiteful children who are going to spit on the pie if they cannot have it to eat.

Can you give me any evidence to support that?

Mr. RARICK. I think they continually voted side by side in deciding that the targets of the United Nations are always friends of the American people. I am aware of no instances when they have opposed the Union of Soviet Socialist Republics or her allies.

Mr. DELLUMS. If you and I vote together on the floor of Congress, does that mean you are manipulating me?

Mr. RARICK. If we did consistently; yes. The other day we voted together.

Mr. DELLUMS. On page 4 you alluded to the fact that we are a rubberstamp endorser of British Colonial policy. Isn't it a fact that the United States has joined every other country in the world in endorsing British policy on Rhodesia?

Mr. RARICK. I can't say every country. I can say that it was one of the motivating factors for our becoming involved in the sanctions. That we were helping the British, but I believe it is also a fact, and the records substantiate that this boycott was intended as an expediency to overthrow the government of Ian Smith. In other words, it was felt that as a result of combined U.N. efforts, the Rhodesian minority government would fail and of course the British would then be permitted, by divine right, to select their own type of government in Rhodesia.

This is similar to what they did in Zambia, which, by the way, is trading with Rhodesia; Zambia is also a member of the United Nations.

Mr. DELLUMS. Back to page 1, you state the Rhodesian Army is composed of less than 4,000 men, the majority of whom you say are black. You mention only the army. How about the army reserves and the various elements of the police force. Or, as a general question, what percentage of the total number of Rhodesians under arms are in fact black?

the extent of their army reserve, or if they even have one. I would assume that if attacked, probably every male citizen of the country could be actually considered, as in any other country, a member of the army reserve.

As to your other question seeking the precise percent of blacks, the only information source I had was the "Battle of Rhodesia," which was written by Douglas Reed, a renowned author of World War II to date who indicated there are somewhere around 750 white officers in the Rhodesian Army. The racial mixture in the reserves, I cannot give you. Apparently they protect their military secrets better than we do. I could say that I have been to Rhodesia, and unless one goes into an army camp or police station, one seldom sees anyone in uniform. I never had the feeling of being in a police state. I see more uniformed people in Washington, D.C., but I felt much safer in Rhodesia than I do in Washington.

Mr. DELLUMS. I have a question, but first I cannot resist the comment, maybe if they hold those factors a little more secret than we do, maybe they need a New York Times, too.

Mr. RARICK. I don't believe a New York Times would be happy there. Rhodesia doesn't have enough crime or violent activity to please the New York Times.

Mr. DELLUMS. That was a light comment. The point is the question arises simply because on page 1 you stated the figures with respect to black and white soldiers in Rhodesia to make a point and the question I am making is that you are raising something without accurate information.

Mr. RARICK. No; I believe I indicated that this information was as reported.

Mr. DELLUMS. To our best knowledge under 30 percent of black Rhodesians are under arms totally in Rhodesia. Now you made the case—

Mr. RARICK. Thirty percent. The population of Rhodesia is 4,670,000—4,000 men—I said under 4,000 is certainly not 30 percent of 4 million.

Mr. DELLUMS. When you look at the police force, the army reserve and the army, less than 30 percent of the combined numbers of those three groups that bear arms, less than 30 percent of them are black. That is the information we have at the disposal of the subcommittee.

Mr. RARICK. You are talking about 30 percent of the Army itself.

Mr. DELLUMS. The army, army reserve, and the police: the three groups that bear arms in Rhodesia.

Mr. RARICK. Where do you get your information?

Mr. DELLUMS. From the Foreign Affairs Committee where most of us get our information.

Mr. RARICK. Well, I would be happy if you would provide me with a copy of this.

Mr. DELLUMS. I would be happy to.

Mr. RARICK. I thought you were referring to the fact that the police department was 30 percent of the total population.

Mr. DELLUMS. No; to make it clear, I am saying that less than 30 percent of the people bearing arms in Rhodesia, namely the army, the army reserve, and the police are black.

FOREIGN BIRTHS COMMONWEALTH and the police do not wear arms.

Mr. DELLUMS. Then you should correct your statement on page 1 because it leads to a faulty conclusion.

Mr. RARICK. Rhodesia does not indicate a threat to international peace. The size of their military indicates this regardless of what percentage is black, white, brown or polka dot.

Mr. DELLUMS. The point you make at the bottom of page 1, is that the black soldiers outnumber white soldiers, that is a fallacious statement.

Mr. RARICK. No; it is a true statement.

Mr. DELLUMS. But you have no figures.

Mr. RARICK. My information is from the book called "Battle for Rhodesia," by Douglas Reed, who has been in Rhodesia for some length of time.

Mr. DELLUMS. Then we will supply you with the information.

Mr. RARICK. And I will be happy to supply you with Mr. Reed's book.

Mr. DELLUMS. On page 5 you make another statement that the United Kingdom is hopelessly outvoted in the United Nations by the "black racist regimes" in Africa. Can you give me examples?

Mr. RARICK. As a combined effort with OAU, in every instance, they have a black vote and it must be based on race. Every indication is that the OAU, Organization of African States, is intended for black solidification. Yes, as far as looking at democracy or any theories of one man, one vote; such as the law in the United States. England and the United States with two-thirds as many people as the population in all of Africa have two votes, while Africa has 41 votes. The OAU as well as the United Nations are undemocratic under any equalitarian theory of population.

Mr. DELLUMS. Are you making an assumption then that people who engage in the process of black voting are voting on the basis of race? Here in the Congress we have a very great deal of sectional black voting and no one has construed that 100 percent of the time as racism.

Mr. RARICK. I am told we have a black caucus, but to my knowledge we don't have any white caucus.

Mr. DELLUMS. We could go on for days on that.

Mr. RARICK. Let me say this, and I believe you will agree, if the United Nations is going to be a practical forum for world affairs and actually represent the people with some basis on population strength, then there must be some additional weight given to larger nations so they are not constantly outvoted by very small minority nations who really make no great contribution to mankind, except to sit there and say, "We need more and more foreign aid and more and more technical assistance."

Mr. DELLUMS. My last question, Mr. Chairman.

On page 6, you make a rather substantial case around the issue of percentage of illiteracy. We, in this country operate ostensibly within the framework of a democracy tolerating a 35-percent functional illiteracy rate. Yet we argue that we have in effect a democracy. My question is this. What are whites in Southern Rhodesia doing to

“civilize” the “black masses”? Is there any evidence of progress or interest in even doing so.

Mr. RARICK. You are again asking me about the domestic policies of Rhodesia.

Mr. DELLUMS. You allude to it in your statement.

Mr. RARICK. I allude to the United Nations report.

Mr. DELLUMS. You make the statement here—

Mr. RARICK. I said my information is from the UNESCO report.

Mr. DELLUMS. “A false corollary to this propaganda line is that something must be wrong with the ‘democracy’ in these lands, since where savages manifestly outnumber civilized men, a one-man, one-vote situation would obviously result in a savage and not a civilized government.”

Further on, you say, “A third reason advanced for continuing sanctions against Rhodesia is the concept which has been drummed into American ears for years that there is something bad about the Government of Rhodesia and about the Government of South Africa, because these nations are ruled by civilized white men rather than black masses, be they civilized or savage.”

The question I am asking is whether the whites in Southern Rhodesia are doing anything to civilize the so-called uncivilized black masses or if they even have any interest in doing so, because I think that goes to the heart of the reason why we have invoked the sanctions on Rhodesia.

Mr. RARICK. I dispute that. Let me say this: Rhodesia was founded by an Englishman named Rhodes, who established the Rhodes scholarship fund. Rhodesia has universities there which probably are as ancient as the country itself. Certainly the history of civilization and progress—architecture all throughout Africa—came from the colonial powers of Western Europe who settled Africa and in turn passed on their civilization to many of the leaders of today’s Africa. It would be very difficult to find any of the African leaders who have not been educated somewhere in the United States or in England or in Europe. I would assume that if we permitted the Rhodesians to trade with the rest of the world and treated them as human beings, that they would probably be in better position to impart more education to their people who live in the tribal areas of the jungle.

If you will recall my comments, I indicated “whether these people were civilized or savage.” I did not indicate whether they were white or black. In Rhodesia, I met chiefs who had Ph. D. degrees—very intelligent people. They are civilized men. But I am saying that when we count heads back in the jungle where people don’t read, write, or ever see the New York Times or Washington Post and have never seen a television, and feel they are entitled to be given full weight in every formula adopted in the United Nations, we do a disservice to civilization.

Mr. DELLUMS. I am having difficulty following your argument. On one level you say they are not civilized enough; therefore you justify the white vote in Rhodesia. Now on the other hand you say, maybe they are civilized people. What argument are you taking? Are you justifying terminating sanctions in Rhodesia on the basis of the notion that we should not be attacking their so-called democracy because the white civilized people are doing a good job there, or are you saying

that there are civilized people in Rhodesia including civilized blacks who should have the right to govern themselves which means they should have a democracy and therefore would agree with us that the sanctions should be left on? What argument are you making?

Mr. RARICK. I indicated that under the U.N. Charter, article 37, the United Nations has no business getting involved in the domestic affairs of any nation, but you asked me what Rhodesia is doing. I am no expert on their educational policies. I don't sit in their legislative chambers; but I know this: All over Africa, everywhere one goes he can see missionaries, educators from various civilized countries, who are trying to teach or to give these people a chance to become civilized.

But certainly I don't feel we are justified in continuing sanctions against Rhodesia, first, based upon the lies that Rhodesia is a threat to international peace, and second, we belittle our own national intelligence when economic sanctions against Rhodesia are known to be to the detriment of our own American people because of the importance of the strategic chrome and petalite and other minerals which are found there; which, by the way, are mostly owned by American citizens and American stockholders.

Mr. DELLUMS. Thank you very much.

Mr. FRASER. Mr. GROSS.

Mr. GROSS. Thank you very much for your statement, Mr. Rarick. I find it most interesting. I don't know that I have any particular questions. I might call your attention to the fact that Mr. Armitage of the State Department, in his presentation before the subcommittee, last Thursday or Friday said the State Department supports only House Resolution 45.

I wonder if you agree with me that if by any chance this subject does come before the House of Representatives, we might amend it to include every country in the world that denies to its people the right of self-determination and see how hard the author of this particular resolution can swallow. I think it ought to be applied around the world. Does the gentleman agree?

Mr. RARICK. I agree.

Mr. GROSS. Let's include Ethiopia, which denies self-determination to its people, plus every other African country and every Latin American country that is ruled by a dictator—also Soviet Russia.

Mr. RARICK. We might even include Liberia, where a white person cannot own property, and where one cannot be a voting citizen unless he owns property. We have a 100 percent racist country in Liberia, which, as I understand, has the full support of the U.S. Government because it was settled by former U.S. slaves and therefore as a country practicing apartheid receives favored treatment in foreign aid from the United States. Yet, I certainly have never indicated anything but fair treatment for these people, Mr. Gross. I would support your amendment.

Mr. GROSS. Let me read this which precedes the "Resolving" clause of the resolution before us. "Whereas the success of the sanctions program would greatly enhance the effectiveness of the United Nations in the maintenance of international peace and security—"

Of course, the United Nations "Tower of Babel" has been the most impotent instrumentality for peace that mankind has ever seen.

I would almost be constrained to vote for the resolution just to demonstrate how ineffective this kind of thing would be toward producing anything of any consequence in the United Nations. To say that continuation of the boycott of Rhodesia will increase the effectiveness of the United Nations is utterly beyond belief. That is all I have to say, Mr. Chairman.

Mr. FRASER. Mr. Rarick, in your statement you refer to the President's policy toward mainland China. You argue we should not have a double standard on trade. Do you favor the President's moves toward mainland China?

Mr. RARICK. I think, Mr. Chairman, there is a considerable difference between trade with Red China, which has an activist record the world over for instigating revolution, riots, and wars, an enemy of free people and our system, with a country like Rhodesia which has never done anything except to overthrow British colonialism to establish its own government. I most certainly do not support any trade with Red China. I feel that if we do so, we are but perpetuating the enslavement of 700 million mainland Chinese.

But I do feel a double standard is presented here, especially if we are to trade with China on an equal basis with Red Russia—neither of whom have anything that we need or we want—but are going to continue economic sanctions against Rhodesia, which has been an ally and friend of ours in two wars, people mainly from the same common stock of many American people, the same religious background, and more important, people who have chrome we need and people who want to be our friends.

Rhodesia is a country with a great future. Rhodesia will supply the leadership for the civilization of all of Africa, under the system of common law, with freedom through law rather than freedom through force. All her people need is a chance.

Mr. FRASER. You are saying that you would not favor resumption of trade with mainland China in part because this would contribute to enslavement of 700 or 800 million people?

Mr. RARICK. Red China has never given any indication that she is desirous of treating us on a peaceful trade relationship. The Bamboo Curtain is not of free world manufacture. It has been the Red Chinese dictators who have isolated their people from the outside world.

Mr. FRASER. I was struck with the analogy, if we are to be concerned about mainland China and its political system, which is highly coercive—

Mr. RARICK. Mr. Chairman, we are members of the same party. If a democratic President were to have announced that he was going to reinstitute trade with Red China, he would have been tarred and feathered and run out of the country.

Mr. FRASER. I just want to pursue the double standard question. If you would not want to resume trade with China in part because of this continued enslavement of the people inside China, isn't that a part of the problem in Rhodesia, that 96 percent of the Africans have been frozen out of any opportunity to govern themselves? In other words, I can understand your argument that the President should be consistent, but I am curious as to whether you would want to be consistent in your terms.

Mr. RARICK. Rhodesia is no threat to me and no one on the face of this earth. You can go to Rhodesia. Anyone who goes in peace. People go and come. The black African population continues to move to Rhodesia for peace and safety. Far more go to Rhodesia than leave there. Those who continue to immigrate to Rhodesia are looking for leadership and for someone to protect them. So I deny there is any double standard. If I sincerely felt there was a record of violence or lack of progress in Rhodesia, that the people were not sincerely trying to help their own citizens, certainly I would not hesitate to hold a different viewpoint. But in Red China, they have just passed through the Red Guard purges. The Chinese Communists have just completed repurging their own intellectuals, having a blood revolution in their ruling party. Certainly there is no indication that they are desirous of letting other people live in peace. Even the most adverse and prejudiced reports from Rhodesia are insignificant to those from Red China.

They continue to move their revolutionary programs and their violent movements even in Africa. I can see no double standard present.

Mr. FRASER. Do you favor the President's policies and posture toward Yugoslavia?

Mr. RARICK. Yugoslavia is still a Communist State. Its president or dictator, General Tito, remains in power, like a king. While it has given indications that it is an avenue of communication with the East, I don't think there is any doubt, if there were to come a polarization resulting in a war, East and West, that Yugoslavia would be allied with Russia. History will never forget nor forgive Tito's murder of Draja Mihailovich, the U.S. ally during World War II nor the execution of the many Christian Chetniks.

Mr. FRASER. The resolution that you suggest may be the most practical one, but it sets up the dichotomy of the free world and the Communist world. It says, "No sanctions or embargo on material from any free world so long as we import from Communist countries." That dichotomy, that identification of Communist countries, refers to the way in which those countries are organized, in terms of their political and economical systems. Those systems are Communistic.

Mr. RARICK. Communist dictatorship.

Mr. FRASER. But you are essentially referring to the international structure of the government that controls those countries. In other words, you are not setting forth in your bill that you favor any standard with respect to international conduct?

Mr. RARICK. Not in the bill.

Mr. FRASER. You are saying, because they have an international Communist system, we then create this dichotomy. Yet throughout your paper you are arguing that that is none of our business. I am curious how you reconcile those views.

Mr. RARICK. On the basis of their aggressive actions and on evidence of actual crimes against humanity.

Mr. FRASER. In other words, you are arguing in your paper that we should not be concerned about the international systems of countries but only concerned with whether in fact they are a threat to

world peace. Yet you favor a bill which does not deal with the question of international threats to international peace.

You are advocating a bill which divides the world in terms of international systems. I don't know if my point is clear.

Mr. RARICK. I think my bill indicates very clearly that my only interest is in what is in the best interest of the American people. I think it is time we start worrying about our own problems and stop worrying about international theories and rationalizations of bad Communists and good Communists.

Mr. FRASER. I share that sentiment with you but under the name of the welfare of the United States we have done some strange things abroad.

Mr. RARICK. Yes, sir. We have a lot of graves in Korea, Vietnam, Europe, Japan, you name them, all over the world; and as long as we remain trapped in the United Nations, we will continue to find wars being perpetuated in the name of international peace. In that regard I agree with Mr. Gross.

Mr. FRASER. I don't suppose Vietnam is in any way related to United Nations.

Mr. RARICK. Yes, sir. It is. SEATO is a regional defense agreement, a United Nations function.

Mr. FRASER. SEATO was created by the United States.

Mr. RARICK. Authorized under the United Nations Charter, and with every military operation to repel aggression to be reported to the Security Council. Vietnam, like Korea, is another U.N. war.

Mr. FRASER. As a regional charter like NATO. Would you favor a dissolution of NATO?

Mr. RARICK. Certainly, and for the same reasons. I would also favor withdrawal of the American Army of occupation from Germany, because 26 years after the war they have become mercenaries.

Mr. FRASER. We are far afield from Rhodesia. We appreciate having your views. Thank you for your statement.

Mr. RARICK. Thank you, Mr. Chairman.

Mr. FRASER. Our next witness is Hon. Jack Edwards of Alabama.

STATEMENT OF THE HONORABLE JACK EDWARDS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ALABAMA

Mr. EDWARDS. Mr. Chairman, members of the committee. I thank you for the opportunity today to present my thoughts regarding the serious situation involving our relationship with Rhodesia.

Foreign policy is sometimes referred to as a game of shrewd moves and stumbling blunders. Undoubtedly, one of the classic stumbling blunders in foreign policy this Nation has made over the last decade has been our refusal to carry on diplomatic relationships with Rhodesia.

And for what reason? Certainly not because Rhodesia supports the cause of communism. On the contrary, little Rhodesia has long been an avowed anti-Communist nation. The stated reason is that we simply do not approve of Rhodesia's domestic policies. But this can't be the real answer.

If this isn't being hypocritical, I don't know what is. We trade with Russia and we are now offering to start trading with China. Apart from the fact that they will continue to try to "bury us," they are both countries that enslave their own people. And, do we approve of these domestic policies? Of course not. However, we are trying to learn to live with them in an effort to keep peace in the world.

So, why should we pick on Rhodesia?

Our official policy is to condemn South Africa, but have we severed relations or stopped trading?

Again, I ask, why should we pick on Rhodesia?

There is no way to defend our stubborn attitude except to say that we tried to help England save face when she severed relations with Rhodesia. Even if that action had merit 5 years ago, and I certainly don't agree that it did, there is absolutely no way to justify it today. What it amounts to is that we are offering nothing more than blind allegiance to England—a country that, itself, has given up all real claim to Rhodesia and which has used the race issue to get our support against a nation that gained its independence from England much as we did.

The cold and sobering result of our shutting down relations with Rhodesia is the fact that if we don't resolve the Rhodesian problem, we may have to become totally dependent on a Communist power to supply us with chrome ore—one of the most vital strategic materials in our defense arsenal.

Because of our stubborn economic sanctions against Rhodesia, we are currently dependent on Russia to supply us with about 60 percent of our chromium needs. Parenthetically I heard a witness say 45 percent. I won't argue that but my research indicates that it is 50 to 60 percent.

And aren't the Russians having a laugh over this development. It is noteworthy that since we began buying chrome from Russia, the price has increased tremendously. Should an international crisis occur, the Russians could cut off our supply of chrome without batting an eye and place our defense production into jeopardy.

Before President Johnson issued his Executive order in 1966 barring all trade with Rhodesia, we were receiving nearly 40 percent of our total chromium imports from Rhodesia through the auspices of two American-owned chromium mines. At the same time, Russia was supplying us with 27 percent of our chromium at a healthy competitive price of about \$30 to \$33 a ton.

With the advent of the embargo, we were forced to start channeling the same money we had been spending in Rhodesia into the hands of the Russians. Mr. Chairman, there is no way to justify this absurdity.

Today, we pay Russia about \$28 million a year for chromium we could be receiving the same amount from Rhodesia for about \$17 million. One American company which buys from Russia reports that it has been forced to accept 1 ton of substandard ore for every ton of high-grade ore purchased. How can we allow ourselves to fall into such a predicament?

It has been argued that Russia may actually be selling us, at a profit, ore which it buys from Rhodesia. U.S. experts deny this and say they can prove it simply by testing the ore we purchase. I understand the

United Nations is currently studying this situation by means of monitoring Rhodesian chromium traffic. So at least there is some official concern about this possibility.

At any rate, assuming it is true that the Russians are not selling us Rhodesian chrome, Russia can still make a big profit selling its own ore to us while buying top grade Rhodesian ore at a cheaper price.

This is only part of the problem. At the request of the Office of Emergency Preparedness, Congress is currently in the process of enacting legislation which would release 30 percent of our chromium stockpile to meet increasing domestic needs for chromium. At this rate, our stockpile would not last long, perhaps only 3 years.

There's no secret about the fact that we cannot easily function without chromium. It is essential in the production of our military jet aircraft, missiles, and satellites. Besides being the ingredient which makes stainless steel "stainless," it is vital in the production of everything from industrial tools, to automobiles, to home construction, to kitchen items, and many more uses.

America's foreign policy should always commence with the words "America First." Maybe that's a trite statement, but certainly, we are not acting in our own best interest by refusing to trade with Rhodesia.

It is sheer folly to continue snubbing a nation because we don't agree with the domestic policies of that nation, or because we want to lend some credibility to England's position. Likewise, it is nothing short of national disaster to continue depending on an enemy power for our defense needs when the country's sole purpose is to render us totally indefensible.

Mr. Chairman, I urge the subcommittee to adopt my resolution, House Joint Resolution 423, or one of the other similar resolutions, so that we may start back on the road to a resumption of trade with Rhodesia.

Mr. FRASER. Thank you, very much, Mr. Edwards.

Mr. GROSS.

Mr. GROSS. Thank you, Mr. Chairman. That was an excellent statement, Mr. Edwards. I want to commend you for your longstanding interest in this matter.

I have no questions at this time.

Mr. FRASER. Mr. Edwards, you say on page 3 that it is nothing short of a national disaster to continue depending on an enemy power for our defense needs when its sole purpose is to render us totally indefensible. Why do you suppose the Soviet Union is selling this chrome?

Mr. EDWARDS. The Soviet Union knows something we don't know. They are selling it to us because it suits their interests to sell it to us. That is the only reason they are selling it.

Mr. FRASER. But if it is important to our defense industry as well as being important to other parts of our domestic economy, would you say their purpose is to render us totally indefensible? Why wouldn't their interest be served by declaring it a strategic material and prohibiting its sale to us?

Mr. EDWARDS. They are getting two prices for it as it is and they know they can cut it off any time they want. It just suits their national purpose to do it. I don't find that inconsistent at all. They know they can cut it off any time they want to.

Mr. FRASER. But, should they decide to cut it off at a later time, we have been able in the meantime to use it in producing the various weapons, weapon systems and so on. Presumably it would be brought into use at the point we came into some active state of hostility.

Mr. EDWARDS. I cannot argue that except they have had our \$28 million each year for their trouble and they made a good profit on the deal.

Mr. FRASER. Maybe they have come into the lure of the market place.

Mr. EDWARDS. If we had Rhodesia to deal with they would be in the marketplace at \$40 instead of \$70.

Mr. FRASER. You indicated it is your understanding we are cutting back on our domestic stockpile in order to meet domestic needs.

Mr. EDWARDS. That is my understanding.

Mr. FRASER. My impression was in hearing testimony from the Office of Emergency Preparedness last week that they were reducing the stockpile because they felt it was in excess of what we required. I am wondering if you have some separate information on this point.

Mr. EDWARDS. I don't think I have any information different than the subcommittee had, but in talking to the gentleman who testified here the other day—my staff verified the figure that we used and all I am saying is if we dig into that stockpile at 30 percent, it is not going to last very long.

Mr. FRASER. You indicate on page 2 that one American company reports it has been forced to accept 1 ton of substandard ore for every ton of high-grade ore purchased. Do you know the name of the company or any more information about that?
it in the hearing room.

(Name of company subsequently supplied: Union Carbide Corp.)

Mr. FRASER. Do you know if that is a new practice? Maybe we can get that from the industry witnesses.

Mr. EDWARDS. They are here, and probably they can testify to it better than I can. I understand it has been a common practice since we have been buying from Russia.

Mr. FRASER. Is it fair to characterize your views as including an opinion that the sanctions themselves against Rhodesia are not wise or justified?

Mr. EDWARDS. I think that is fair. They were not fair from the beginning, and I don't think they are fair now. They are not in our best interest, and that is the particular interest I have.

Mr. FRASER. I realize this is a hypothetical question. Suppose there were the sanctions against a country under circumstances which you felt justified sanctions. Specifically, suppose a country was embarked on some kind of international conduct which was clearly detrimental to the world, would you still favor a bill of the kind that you have?

Mr. EDWARDS. I guess my whole approach is rather provincial, but if it suited our own national interest to deal with such a country as you suggest, then I would say we ought to deal with them. It is what is good for this country of ours that I am interested in.

Mr. FRASER. The reason I pose the hypothesis is that there is some opinion that there is a merit in trying to develop some kind of an international system of collective security. We referred earlier to the

League of Nations effort to impose sanctions against Italy. In other words, we represent a small percentage of the population of the world in trying to build some kind of international institution that might be more effective in the maintenance of the peace. How do you weigh that factor as we look at this problem?

Mr. EDWARDS. I suppose it is fair to say I am leary of international organizations in the main. I would have to see what kind of international organization you are talking about. I get a little nervous every time I see this Nation subvert its own national interest to some world organization, not so much because of the good that is supposed to be accomplished but what occurs in practice.

Mr. FRASER. Well, I guess this might have been more relevant to an earlier witness' testimony, but the United Nations has a peace-keeping force on Cyprus, which many people believe is the only thing that keeps Greece and Turkey from going to war. That is a fairly important part of the world in terms of our involvement. Do you regard that activity as a useful role for the United Nations, that you would generally support? I recognize that is different from sanctions.

Mr. EDWARDS. I don't quite know how to answer that, Mr. Chairman. I guess we have had so many things going on in this country of ours lately I forgot they were there. But if they are keeping countries from going to war, then perhaps they are serving a purpose, although I don't know that those countries would be at war, were they not there.

Mr. GROSS. The United Nations did not do a very good job over in the Middle East, did they, Mr. Edwards?

Mr. EDWARDS. I have not seen any evidence of it.

Mr. GROSS. When Israel's tanks got ready to move, they told the United Nations Force to get the hell out of the way or they would run over them. If the U.N. can preserve the peace in Cyprus it will be the first time in the history of that outfit that it has preserved peace anywhere, and I question if it is the factor that preserves peace on Cyprus now.

Mr. FRASER. I suppose you would want the record to show that it was Egypt that asked the U.N. Forces to leave, not Israel.

Mr. GROSS. Either way, the United Nations got out.

Mr. FRASER. Thank you very much. It was a very helpful statement.

Our next witness is Mr. L. G. "Tony" Bliss, president of Foote Mineral.

STATEMENT OF L. G. BLISS, CHAIRMAN OF THE BOARD, FOOTE MINERAL CO.

Mr. BLISS. Thank you, Mr. Chairman.

My company is a major producer of ferroalloys and other metals and alloys for the metal producing industries. We are heavily dependent on foreign sources for many of our raw materials, including chromium ore. Since 1936, we have owned and operated a subsidiary company in Rhodesia, engaged in the mining of chromium. Prior to the imposition of the U.N. sanctions and the Executive orders which implemented them, the entire output of our Rhodesian mining operations was consumed in our ferroalloy furnaces located in the United States.

I appreciate the opportunity to comment on H.R. 5445, the Collins bill, which provides a solution to a problem which has been very

costly to the ferroalloy industry, the steel industry, and the American public. The bill deals with the central problem of restrictions on the importation of critical and strategic raw materials, and specifically applies to the embargoes which the United States has invoked against the importation of chrome ore. The untenable situation in which we now find ourselves is, we believe, proper reason for congressional concern.

Presumably, our Government recognized the importance of strategic and critical materials when it passed the Stockpiling Act in 1946. Our national stockpile guards us against shortages, in an emergency, of strategic materials for which the United States is wholly or partially dependent upon foreign nations for its supplies. Of some 42 strategic metals, the United States is self-sufficient with respect to only eight.

Our dependence on foreign supplies is increasing. Hollis Dole, Assistant Secretary of Interior for Mineral Resources, points out that, while domestic minerals supply 58 percent of our current requirements, we will be able to meet only 20 percent of our total demands by the year 2000.

There are other industrialized nations in the world that are also deficient in mineral wealth. Yet some of these nations have developed strong national policies in collaboration with their industrial sector to insure an availability of raw materials necessary to maintain a consistent growth of their industrial capabilities. With your permission, I will not refer to the appendix but include them in the record.

In the United States scant attention has been paid to a concerted collaboration between the Government and the business sectors to competitively secure our mobilization and industrial base other than the Paley Report of 1952. Actually, we have behaved in a contrary fashion. For the past several years we have determined that our stockpiles of strategic materials are excessive, and we have persistently pursued the stockpile liquidating process. At the same time, forecasts of requirements for materials not available in the United States demonstrated sharply increasing demands.

There are no competitive commercial deposits of metallurgical grade chrome ore in the entire Western Hemisphere. Historically we have relied heavily on Southern Rhodesia and Turkey for our requirements—and, in more recent years, the Soviet Union. An elimination of any one of these known deposits from the channels of world trade would promptly result in a chaotic situation in the production and utilization of the essential commodity, stainless steel, as well as strategically needed structural and high temperature alloys.

Chromium is, of course, vital to national defense. Not only is it a requirement for tool steels and armorplate, but it figures prominently in the content of every jetplane and nuclear submarine. The military importance of chromium is dramatically highlighted in Albert Speer's comment about the closing days of World War II, in his book, *Inside the Third Reich*:

At best, with extreme concentration of all our resources, we could have had a German atom bomb by 1947, but certainly we could not beat the Americans, whose bomb was ready by August 1945. And on the other hand the consumption of our latest reserves of chromium ore would have ended the war by January 1, 1946, at the very latest.

The importance of that statement should be clear to all of us.

Currently, the United States consumes approximately 900,000 tons of metallurgical grade chrome ore per year. If we are to maintain a ferroalloy and stainless steel domestic capability, the requirements for chrome ore will increase in the future. Consequently, it is essential that we expand the output of chrome ore from areas possessing substantial competitive reserves.

Since this is a global problem, the maintenance of a viable domestic industry must take into account economics as well as availability to U.S.-based furnaces. In this regard, it is well known that imports of steel, both conventional and special grades, as well as finished products made with these commodities, have risen sharply. As we press the business sector to devise the means of returning to an acceptable balance between export and import, we cannot concurrently prevent that same sector from utilizing competitive raw materials available to our adversaries. To do so would result in an inevitable and widening gap between our domestic costs and those of our competitors.

Since the imposition of sanctions against Rhodesia, high grade chrome ore from the vast reserves located in that area of the world have been denied U.S. consumers. Consequently, a major portion of our domestic requirements has had to be purchased elsewhere for the past 4 years.

We have now had over 4 years in which to evaluate the effect of our embargoes against the importation of chrome ore from Rhodesia. The effects have been as follows:

1. Since 1965, the price of metallurgical grade chromium ore to the United States—which is the world's biggest consumer of this critical material—had increased to about 2½ times presanction prices (see app. IV). As of May 1, 1971, we estimate that on a cumulative basis our Rhodesian policy has cost the American public and American industry upwards of \$30 million.

2. Ore price increases have seriously damaged the competitive position of the ferroalloy industry internationally and domestically, and opened the door to a new influx of low-cost foreign made ferroalloys.

3. Ore prices have resulted in increased costs to the steel industry—the principal purchasers of ferrochrome products. The stainless steel industry—which consumes about two-thirds of the chromium produced in this country—has experienced a continuing drop in profits and has lost more than 20 percent of its domestic markets to imports.

4. American-owned mining properties and ore reserves are being seriously jeopardized. We have cut ourselves off from two-thirds of the world reserves of metallurgical grade chromium ore and are forced to rely upon the two remaining major producers which, according to the Bureau of Mines statistics, could not alone supply global demand.

5. From 1966 to 1971 we have depleted our national stockpile inventory of metallurgical grade chromium ore by almost 1 million tons (see app. V), and further demands upon the stockpile are inevitable. And, as you know, a bill is presently before Congress—S. 773—which would reduce our chrome reserves by 30 percent. While stockpile releases temporarily assure supplies of ore, they do not answer the problem of long range supply nor provide the favorable economics required for sustained competition in world markets.

6. By denying American interests their ownership and control of Rhodesian chrome sources, we have opened the door to willing buyers all over the world who take advantage of lower costs and ignore the United Nations sanctions. Instead of strengthening our materials position with regard to chrome, we have weakened it.

In stressing the foregoing six points, I have confined my remarks to those problems the Collins bill is specifically designed to solve. We share the opinion that the Collins bill does not negate the U.N. sanctions which contain provisions for hardships and national security as evidenced by the exceptions already granted. The principle employed by the U.N., which would be equally recognized here, is that an individual nation does have an obligation to protect its borders and its economy—sanction agreements notwithstanding. In the case of strategic materials, it is imperative that we respect the right to such exceptions and if, as in the case of chrome ore, the need comes after the commitment, it is prudent to change our position.

The argument has been advanced that the general increase in world ore prices is due largely to inflation and that this should be taken into consideration. A reasonable indicator of this factor would be the wholesale price indexes for metals and metal products, as gathered by our Bureau of Labor Statistics and published in the Monthly Labor Review. The indexes are as follows: 1965, 105.7; 1966, 108.3; 1967, 109.6; 1968, 112.4; 1969, 118.9; 1970, 116.7; March, 1971, 116.5. In appendix VI, prices of Turkish, South African, and Russian ores prevailing in 1966 are adjusted for inflation. It is plain that the supply-demand factor far outweighs the inflation factor.

Appendix VII calculates the noninflationary price increase as the unnecessary cost added to imports of chromium. At the present time, the costs appear to be penalizing the United States at the rate of about \$16 million per year.

In presenting such a figure, I think it pertinent to observe that the capital investment of U.S. chrome producers in Rhodesia is given—U.N. figures—as \$R40 million or about \$56 million in U.S. currency. Since this investment is now denied U.S. producers and the mines are operated under a mandate by the Rhodesian regime, some additional credit should be given for loss of return on investment. On the basis of a 5-percent return, about \$2.8 million per year should be added to the more tangible costs of the embargoes on chrome. The cost to the United States to date now totals some \$30 million as of May 1 and we will be adding to these costs, at the present rate, some \$19 million annually. For the purpose of comparison, our domestic industry consumed about \$115 million in chrome alloys in the year 1969, according to Bureau of Mines statistics.

The enactment of the Collins bill may not restore presanction prices or presanction trading conditions. It will provide U.S. buyers the privilege of standing in line for their own ore and it will tend to arrest further increases in world ore prices by permitting the law of supply and demand to exert its leveling influence.

The way to maintain balance in world markets for strategic materials is to remove them, as much as possible, from the realm of international politics. Because of the locations of strategic ore, buyers in the metal industries have traded with most of the nations of the

world. Traditionally, metal purchasers have evaluated suppliers on the basis of their marketing policies, without regard to geography. However, if and when political considerations demand that we stop imports of strategic materials from a nation, we quite agree with the premise of the Collins bill that it should be done only with the approval of Congress.

The issue at stake is an incredible one. Presumably domestic business is expected to pay increasing prices for its raw materials, maintain the confidence that those supplying it will continue to do so, support sharply rising labor costs, make substantial capital investments to accommodate worthwhile ecology programs, and concurrently price its goods at levels which are competitive in world markets, even while adsorbing increased imports of lower priced competing products. While competitive accessibility to strategic minerals is not the sole answer to the arrestment of inflation and the balance of payments, it is absolutely basic to a continuing viability of our steel and related industries essential to our mobilization base and our national security. Mr. Chairman, it is very clear the Foote Mineral Co. supports the Collins bill, H.R. 5445.

(Following is the appendix material referred to in Mr. Bliss' statement:)

[From "Minerals Facts and Problems—1970 Edition," Bureau of Mines]

APPENDIX I

With the advantage of hindsight, it is now seen that the last two decades have demonstrated almost uninterrupted growth in the economies of industrialized nations and major shifts in the demand pattern for minerals. While the United States has shared in this growth and is still the world's single largest minerals consumer, it no longer dominates the world scene. European countries and Japan have increased their demand for minerals at a much faster rate than the United States and account for an increasing portion of total world demand.

The geographic pattern of mineral production has also changed. Production has grown most rapidly in areas of the world that produced few minerals prior to World War II, such as the Near East, Africa, and Australia. Present indications are that further discovery and development of extensive mineral wealth in these and other areas that were formerly overlooked, will continue as new technologies and science are applied. The Arctic land masses hold great promise as future source of minerals in spite of the forbidding climate which renders development a challenging and expensive task.

The actual U.S. mineral pattern in the last 20 years is characterized by a strong shift away from mineral self-sufficiency. The domestic minerals economy is now much more dependent on world mineral markets than it was in 1950, particularly for petroleum, iron, aluminum, and copper. This same shift has also been pronounced in other parts of the world. Europe, which was to a large extent self-sufficient in fuels a generation ago, depending largely on indigenous coal reserves, has in recent years shifted to a petroleum-dominated energy economy. Virtually all of the petroleum consumed is imported from the Near East and Africa. Europe also depends on outside sources for many of its other mineral requirements.

Japan is an extreme example of a highly industrialized economy that has become almost completely dependent on imports for mineral raw materials. To support its industrial growth, Japan imports gas from Alaska, coal from Canada and the United States, oil from the Mideast and Indonesia, and iron ore, bauxite, and coal from Australia. Japan also imports large quantities of nonferrous ores from South America and southern Africa. To develop these sources, Japan has found it necessary, in many instances, to provide financing and technology for the development of these mineral supplies. The Japanese are even finding it expedient to finance development of coking coal reserves in the most capital-rich country in the world—the United States.

APPENDIX II.—CHROMIUM RESERVES OF THE WORLD

[Thousands of short tons]

	As chromite		As metal		As high Cr chromite	
	Amount	Percent	Amount	Percent	Amount	Percent
Republic of South Africa.....	2,200,000	74.5	575,000	74.2	110,000	22.5
Southern Rhodesia.....	660,000	22.2	175,000	22.5	330,000	67.4
Turkey.....	11,000	.4	3,000	.4	9,900	2.0
United States.....	8,800	.3	2,000	.3	440	.1
Philippines.....	8,250	.3	1,000	.1	1,650	.3
Finland.....	8,250	.3	2,000	.3		
Canada.....	5,500	.2	1,000	.1		
Other.....	12,485	.4	1,000	.1	8,983	1.8
Total, free world.....	2,913,285	98.1	760,000	98.0	460,973	94.1
U.S.S.R.....	55,000	1.8	15,000	2.0	27,500	5.6
Albania.....	1,650	.1	800	.1	1,650	.3
World total.....	2,969,935	100.0	775,800	100.1	490,973	100.0

Note: Based on Bureau of Mines data.

APPENDIX III.—IMPORTS OF METALLURGICAL GRADE CHROMITE FOR DOMESTIC CONSUMPTION
(46 PERCENT OR OVER Cr₂O₃)

[Thousands of short tons]

	1960		1961		1962		1963		1964		1965	
	Short tons	Percent										
Rhodesia.....	307	57	218	48	234	41	144	37	259	38	329	37
Russia.....	7	1	20	4	36	6	192	49	275	42	242	27
Turkey.....	123	23	150	33	171	30	40	10	38	6	164	19
South Africa.....	80	15	54	12	101	17	18	5	64	5	115	13
Other.....	24	4	10	3	35	6	0	0	25	4	34	4
Total.....	541		452		557		394		651		884	

	1966		1967		1968		1969		1970		1971 ¹	
	Short tons	Percent	Short tons	Percent	Short tons	Percent	Short tons	Percent	Short tons	Percent	Short tons	Percent
Rhodesia.....	219	24	147	22	1						14	4
Russia.....	302	33	299	45	335	59	299	57	409	58	198	58
Turkey.....	186	20	108	16	151	27	74	14	135	19	75	22
South Africa.....	184	20	95	14	74	13	143	27	97	14	31	9
Other.....	22	2	11	2	6	1	13	2	62	9	23	7
Total.....	913		660		567		529		703		341	

¹ January to April.

Source: Bureau of Mines data 1970, unpublished.

APPENDIX IV.—PRICE QUOTATIONS OF VARIOUS GRADES OF FOREIGN CHROMITE
(DELIVERED TO U.S. PORTS)

	1965	1966	1967	1968	1969	1970	1971
Rhodesia: 48 percent Cr ₂ O ₃ , 3:1 Cr/Fe ratio	\$31.00 to \$35.00.	\$31.00 to \$35.00.	\$31.00 to \$35.00.	Not available.	Not available.	Not available.	Not available.
Turkey: 48 percent Cr ₂ O ₃ , 3:1 Cr/Fe ratio.	\$29.50 to \$31.50.	\$29.50 to \$31.50.	\$32.50 to \$33.50.	\$34.50 to \$35.50.	\$37.60 to \$38.50.	\$47.50 to \$48.50.	\$56.00 to \$60.00.
South Africa: 44 percent Cr ₂ O ₃ .	\$20.00 to \$21.50.	\$20.00 to \$21.50.	\$18.00 to \$21.50.	\$19.00 to \$21.50.	\$19.00 to \$21.50.	\$26.00	\$30.00.
U.S.S.R.: ¹ 54 percent Cr ₂ O ₃ , 4:1 Cr/Fe ratio.	\$25.00	\$29.25	\$30.60	\$34.10	\$44.00	\$58.00	\$72.00.

¹ Actual prices to Foote Mineral Co., f.a.b. Burnside.

Source: U.S. Bureau of Mines.

[From reports of the Joint Committee on Reduction of Federal Expenditures-Federal Stockpile Inventories]

APPENDIX V

Shipments of metallurgical grade chrome ore from Government stockpiles to industry

	<i>Short dry tons</i>
1967.....	115,000
1968.....	71,000
1969.....	135,000
1970.....	243,000
1971.....	160,000
Total shipped.....	724,000
Sold, unshipped.....	258,000
Total committed.....	982,000

APPENDIX VI.—METALLURGICAL GRADE CHROMIUM ORE PRICE IF AFFECTED BY INFLATION ALONE
(BASIS: 1966 PRICES)

[Dollars per net ton]

	Rhodesian		Turkish		South African		Russian	
	Amount	Difference ¹	Amount	Difference ¹	Amount	Difference ¹	Amount	Difference ¹
1966.....	33.00		30.50		20.75		29.25	
1967.....	33.40	(-0.40)	30.80	(+2.20)	21.00	(-1.25)	29.60	(+0.80)
1968.....			31.65	(+3.35)	21.55	(-.80)	30.40	(+3.70)
1969.....			33.50	(+4.50)	22.80	(+2.05)	32.10	(+11.90)
1970.....			32.80	(+15.20)	22.35	(+3.65)	31.50	(+26.50)
1971.....			32.75	(+25.25)	22.30	(+7.70)	31.45	(+40.55)

¹ 2d column in each case represents difference between calculated cost and real cost. Negative sign means an "undercharge." Positive sign is an "overcharge."

APPENDIX VII

Calculation of excessive ore costs discounting inflation

1967:	
108,000 tons of 48 percent Turkish ore, at \$2.20.....	\$114,000
299,000 tons of 55 percent Russian ore, at 80 cents.....	132,000
Total.....	246,000
1968:	
151,000 tons of 48 percent Turkish ore, at \$3.35.....	242,000
335,000 tons of 55 percent Russian ore, at \$3.70.....	722,000
Total.....	964,000
1969:	
74,000 tons of 48 percent Turkish ore, at \$4.50.....	160,000
299,000 tons of 55 percent Russian ore, at \$11.90.....	1,960,000
Total.....	2,120,000
1970:	
135,000 tons of 48 percent Turkish ore, at \$15.20.....	984,000
97,000 tons of 48 percent South African ore, at \$3.65.....	170,000
409,000 tons of 55 percent Russian ore, at \$26.50.....	5,970,000
Total.....	7,124,000

1971:

75,000 tons of 48 percent Turkish ore, at \$25.25.....	\$910, 000
31,000 tons of 48 percent South African ore, at \$7.70.....	¹ 115, 000
198,000 tons of 55 percent Russian ore, at \$40.55.....	4, 420, 000

Total..... 5, 445, 000
× 3

1971 projected cost..... 16, 335, 000

Calculation: Tons imported × % Cr₂O₃ × "overcharge" (from previous table)
= "Excessive Ore Cost"

Cumulative Cost:	\$246, 000
	964, 000
	2, 120, 000
	7, 124, 000
	5, 445, 000
	<hr/>
	15, 899, 000

14 months.

APPENDIX VIII.—PRICE OF MANGANESE ORE (1960 TO 1971)

	Price range 46 to 48 per- cent ore (long ton unit) (cents)	Consumption
1960.....	87-90	1, 946, 349
1961.....	87-90	1, 717, 805
1962.....	80-85	1, 737, 694
1963.....	60-65	1, 683, 450
1964.....	68-72	2, 241, 756
1965.....	73-78	2, 872, 720
1966.....	73-74	2, 370, 516
1967.....	60-64	2, 383, 984
1968.....	59-63	2, 228, 412
1969.....	49-53	2, 270, 221
1970.....	50-58	.....
1971.....	61-63	.....

Source: U.S. Bureau of Mines.

APPENDIX IX.—MAJOR RAW MATERIALS MARKET PRICES

Material	Unit	Market price	
		1958 ¹	1971 ²
Aluminum.....	Short ton.....	\$494. 00	\$580. 00
Copper.....	do.....	580. 00	1, 035. 00
Lead.....	do.....	260. 00	266. 00
Antimony, metal.....	do.....	580. 00	1, 200. 00
Beryl ore.....	do.....	346. 50	396. 00
Bismuth.....	Pound.....	2. 25	6. 00
Cadmium.....	do.....	1. 45	2. 25
Cobalt.....	do.....	2. 04	2. 20
Columbite.....	do.....	1. 14	1. 15
Magnesium.....	Short ton.....	720. 00	725. 00
Manganese ore, metal grade.....	Short dry ton.....	38. 61	28. 52
Mercury.....	Flask.....	220. 00	266. 50
Molybdenum.....	Pound.....	1. 25	1. 72
Nickel.....	do.....	. 74	1. 33
Platinum.....	Troy ounce.....	53. 00	114. 00
Tantalite.....	Pound.....	4. 63	7. 17
Tungsten.....	do.....	1. 32	4. 50
Zinc.....	Short ton.....	240. 00	320. 00

¹ As of Dec. 31, 1958—Source: Office of Emergency Preparedness.² As of May 1971—Metals Week.

Mr. FRASER. Thank you.

Mr. GROSS.

Mr. GROSS. Thank you for your statement, Mr. Bliss. I would only add that while Russia does not appear on the list of nations receiving foreign aid it obviously should be added officially to the list.

Mr. BLISS. If you will permit me, Mr. Gross, it so happens that in our giveaway program of \$138 billion between 1946 and 1969, the U.S.S.R. did receive \$146 million from us aside from this that you referred to. You know it is very difficult, sir, to find any country in the world, particularly if it is in Africa, that has not received generous loans. I am sure aware of the \$138 billion. Only \$18½ billion has been returned, including interest accumulations and only one nation is paid up in full and that happens to be Republic of South Africa.

Mr. GROSS. Mr. Bliss, I have no further questions, but I join with you in your assessment that this is utterly incredible.

Mr. BLISS. Thank you, sir. It is always refreshing to have someone agree with you.

Mr. FRASER. Mr. Bliss, I would like to learn a little more about your company. You say you are a major producer of ferroalloys. I assume you are in the business of making alloys other than with chrome?

Mr. BLISS. We are in the business of producing other commodities other than metals and ferroalloys, that is correct. We also produce a series of sophisticated chemicals that were important to the U.S. Government in World War II and the Korean war. I refer to lithium and zirconium.

These were elements of vital interest to us in the defense program in previous decades in the *Nautilus* submarine and specifically in the hydrogen bomb.

Mr. FRASER. Where are your principal places of production in the United States?

Mr. BLISS. We are based in Pennsylvania. We have one plant there. West Virginia, Virginia, Ohio, Nevada, Iowa, Tennessee, North Carolina, Washington—not the District of Columbia—Washington State.

Mr. GROSS. Where is your plant in Iowa?

Mr. BLISS. Keokuk.

Mr. FRASER. You have processing or production facilities in these different locations?

Mr. BLISS. They are in all but two of these locations, which are essentially mines. Fortunately, there are some minerals that God put in the United States. There are the lithium ores. Those are in North Carolina and Nevada. The other areas are producing areas. We also have producing operations in North Carolina, too.

Mr. FRASER. I think you indicated that you owned or still own a mine or mines in Rhodesia?

Mr. BLISS. Now I don't mean to beg your question, when you say, "We own", on a piece of paper I think we do, and as far as the Smith regime is concerned I think we do, but as we both know it is under mandate and it has been for quite a while and we have therefore no control over it, and I can assure you no ore is received from it. Albeit we have, with monotonous regularity, requested through the Foreign Access Control Division, permission to bring that ore, which

we have paid for prior to the sanctions, over to this country, to date we have not received permission to do so.

Mr. FRASER. Is it one mine at one location?

Mr. BLISS. It is not one mine and it is not one location. It is in the Great Dyke in Rhodesia. The Great Dyke as you know starts under the Mediterranean Sea and comes up as a ridge back through the continent. We have many shafts and drifts and stopes there.

Principally, it is in three locations, two of which we were operating when sanctions hit and there may be other operations there now. I am not supposed to know much about that. I think the inference I am giving us is that Rhodesia is increasing its mining capacity as fast as it can. It has a pretty big demand.

Mr. FRASER. You say you were operating two locations when the sanctions hit. Are three operating now?

Mr. BLISS. I don't know. I have not been there for a long time.

Mr. FRASER. What would your information be on that?

Mr. BLISS. I would say they are not operating yet but they probably will be. If the point of your question is, is the demand for high-grade chrome increasing to willing buyers throughout the world, my opinion is, it certainly is.

Mr. FRASER. What I wanted to find out is the extent to which those mines continue to produce.

Mr. BLISS. When we had control of them we were confining it to a minimal operation to prevent collapse of the mines and loss of our assets.

Mr. FRASER. Let me back up.

Mr. BLISS. Perhaps I am not understanding your question.

Mr. FRASER. What was the production of the mines you control.

Mr. BLISS. The highest production ever was—from my records—about 100,000 tons a year. The minimal that we felt we could maintain the mines was 40,000 tons.

Mr. FRASER. So that after sanctions you dropped to a level of 40,000?

Mr. BLISS. That is right. Prior to sanctions we did. When the sanctions were on a voluntary basis—you recall that was the issue during 1966—we promptly went to work to figure out how we could maintain 100 years of ore reserves at a minimal level and 40,000 tons was our technical answer to that.

Mr. FRASER. The company that operated the mines was a wholly owned subsidiary.

Mr. BLISS. Correct. It happens to be a Delaware corporation.

Mr. FRASER. What I am interested in is since the sanctions have become mandatory, has the Rhodesian Government inserted itself into the management or operation of the mines?

Mr. BLISS. Yes; it went this way, if I am not taking too much of your time. We sent operating money to Rhodesia with the knowledge and blessing of OEP, Treasury, and State, after December 16, 1966—the magic date of the Executive order is around January 7 of 1967—on the theory, according to both Governments, British and United States Governments—that sanctions in 4 months would be over because the back of the Smith government would be broken.

We ran out of money in a year and since we were obtaining no ore for the money sent, we stopped. The moment we stopped sending the money the Smith government mandated the properties.

Mr. FRASER. What does that mean?

Mr. BLISS. We both know what confiscation means. Mandating means that they charged, as I understand it, the existing management to perform operations according to their demands, in theory, and I have no reason to doubt this, post sanctions.

Then there would be a situation of accountability between the Smith government and the owners of the mines. If you ask me will this happen, I think it would depend upon the posture of the U.S. Government toward Rhodesia and how long it lasts.

Mr. FRASER. So they in effect by legislative enactment require authority to mandate whoever is in control of the mine to work it at a certain level or face criminal sanctions or forfeiture.

Mr. BLISS. I have no idea what they would do if the personnel of the operation refused the mandate but I would suggest what they might do is relieve them from the post and put someone in who would carry out the orders. I think the same as we would in this country.

Mr. FRASER. What has the mandated level production been?

Mr. BLISS. I will have to beg the point because the moment the mandate went into effect from the Rhodesian side they were not anxious to inform us as to how much they are producing, to whom they are selling it or for what price. I acknowledge that I heard here today for the first time a price tag on the Rhodesian chrome ore today. The one thing I am certain of, it undoubtedly sells for a lower price than I am paying; otherwise people would not run in the face of the United Nations sanctions to which they might or might not be parties.

Mr. FRASER. You do not have any information as to the level of production?

Mr. BLISS. No; I am sorry. I am not begging your point. I am not privy to this point. This mine is under the mandate of the Rhodesian Government.

Mr. FRASER. I am asking you, is it true you do not have any information?

Mr. BLISS. If you are asking me for a speculative answer, I think I answered it before obliquely by stating it is my opinion that the mining of chrome ore in Rhodesia is being increased, but if you are asking me by how much and what day it is going to happen, I could not answer you.

If you are asking the technical question I would say in our case it might take 6 or 8 months to materially step up production.

Mr. FRASER. Is this strip mining or underground?

Mr. BLISS. No; it is down about 2,000 feet. It is a shaft, slopes, drifts, backfill operation.

Mr. FRASER. Prior to the sanctions, the product that came up out of the ground was shipped directly to your processing plants in the United States?

Mr. BLISS. Yes. We were not a seller of ore. We were mining the ore we used in our own furnaces. I can say that our process was oriented toward the quality and type of ore that we produced in Rhodesia.

Mr. FRASER. But no intermediate processing?

Mr. BLISS. Concentration.

Mr. FRASER. What kind of concentration?

Mr. BLISS. It is a tabling concentration process. We, unlike some of our friendly competitors, are not blessed with hard, lumpy ore and I am quite envious of what they have.

Mr. FRASER. But that took place in Rhodesia before—

Mr. BLISS. Yes, sir; the operation has been the same as far as I know, even since the sanctions.

Mr. FRASER. Do you have any information as to where the Rhodesian ore is being marketed?

Mr. BLISS. Fortunately I brought along with me a United Nations publication. If you don't have a copy of this, it is February 24, 1971, the United Nations General Assembly paper on Southern Rhodesia. I merely submit that. I am certain that our CIA and United Nations intelligence, people of this sort would know much better than I who is buying the ore. My only comment is that I am not.

Mr. FRASER. You read that report, I gather.

Mr. BLISS. Yes, sir.

Mr. FRASER. I have not seen it but does the information correspond with the information that you have so far as you have any?

Mr. BLISS. I am being evasive here and I admit this because I have had some experiences in attempting to assist various agencies in Government on an intelligence basis where I felt it was in the U.S. interest. About all you do is get into serious trouble. I might make this comment, we would be in the most serious trouble if we do indeed blockade Rhodesia. Because if you take that out of world supply then you better start shuddering as to what you are going to pay for chrome ore in the United States. There is going to be such a tremendous shortfall of ore, notwithstanding your national stockpile, that I would say that a good seller would price the ore up against the limit that stainless steel producers could pay.

Mr. GROSS. That all comes back to the consumer and the taxpayer in this country.

Mr. BLISS. Yes, sir. I did not take that part into the equation when I attempted to give some ballpark figures on the cost to the American people today because of the sanctions. The only fortunate things are that the sanctions are not working and therefore Rhodesian chrome ore does find its way into the global market albeit we do not get it in the United States except in the form of stainless steel products coming back in competition with the stainless industries and except in the form of ferroalloys that we must compete against directly.

Mr. FRASER. Where are they coming from?

Mr. BLISS. I will name where ferroalloys furnaces are. I am not trying to state that these ferroalloys contain Rhodesian chrome but they had come from the Republic of South Africa, they would come from France, Germany, I suppose some from Norway and I suppose we cannot forget Japan, can we?

Mr. FRASER. Those are where the principal furnaces are located?

Mr. BLISS. Yes. I hope I have not forgotten any principal producing areas. I may have.

Mr. FRASER. Let me go back to my question. So far as you know is the information that is contained in the United Nations report consistent with your information?

Mr. BLISS. This information that is contained herein is designed to urge all members of the United Nations to stiffen up the economic sanctions against Rhodesia and to be a little more forthright in the presentation of information and a little speedier in delivering it. And it has innuendo references.

Mr. FRASER. Could you help me on stainless steel production? How is stainless steel produced in the sense that steel is added to chrome?

Mr. BLISS. I beg your pardon.

Mr. FRASER. How do you make stainless steel?

Mr. BLISS. We have some experts in the room who will be testifying later and they happen to be from stainless steel companies. I just happen to see that this is so. I would prefer if you would ask them that question, how they make stainless steel. But I can tell you I don't know any way to make stainless steel without a chromium product.

Mr. FRASER. That is added?

Mr. BLISS. That is added to iron and nickel and many, many other elements, depending on what form of steel you wish, including manganese.

Mr. FRASER. Is stainless steel sold in bulk form?

Mr. BLISS. They start with an ingot. I wish you would defer those questions on the technology and production of stainless steel.

Mr. FRASER. I am trying to get the marketing of stainless steel. In what terms is stainless steel traded between the producer and those who convert it into a finished product?

Mr. BLISS. Some stainless steel companies, I guess, carry it all the way through to sheets and wire and some companies to flatware and some to bar and some do all of these things. I don't know of any stainless steel companies that make ovenware or anything of this sort.

Mr. FRASER. I just want to get some proportions here if I could. What is the unit price for stainless steel. What is it measured in?

Mr. BLISS. May I defer this question?

Mr. ANDREWS. It depends on the product. It depends on the sophistication of the product. A sophisticated product will sell by the ton. A highly sophisticated product will sell by the pound. So you are talking about some thousand different products when you say "stainless steel."

Mr. FRASER. What would the price range be?

Mr. ANDREWS. Anywhere from \$500 a ton to that much a pound—to \$500 a pound in the nosecone of a capsule, for example.

Mr. GROSS. Mr. Chairman, we do not have the identification of this gentleman.

Mr. ANDREWS. I am Mr. Andrews. I am the vice president of Allegheny Ludlum.

Mr. FRASER. How much chrome would be in a ton of stainless steel?

Mr. BLISS. About 18 percent; it varies.

Mr. FRASER. What I had in mind was to get some idea of the extent to which the production and sale of stainless steel, how much that price is influenced by the increase in the cost of chrome itself.

Mr. BLISS. This would vary, I am certain, from company to company and it would vary to the grade you talk about, but if we went up 1 cent per pound in cost over ferroalloy, this would be about \$4 a net ton in an 18-8-type steel. Several people here might disagree but, roughly, I think that is an order of magnitude.

Let me put it this way, so you can relate it back to the other, where I feel more comfortable, or in the ferroalloy sector. If you want to carry it right through from the ore to this same type of stainless steel I am talking about, the increase of \$40 per ton of chrome ore that we have experienced as a consequence of the sanctions just passed through to stainless steel would give about \$29 to \$30 per ton increase with no inflationary factors.

Mr. FRASER. In the cost of the ton of stainless steel?

Mr. BLISS. That is right.

Mr. FRASER. I am aware of the general price rise in the steel industry. I am curious to what extent chrome would be a factor.

Mr. BLISS. I would say it is a very significant factor. You must take into account that from a ton of ore, by the time it gets into a ton of stainless steel there are many losses en route, losses of the chromium itself.

Mr. FRASER. I used to be familiar with the iron ore industry and the pricing as it went up the line.

Mr. BLISS. Now the losses in a movement in a ton of iron ore and chrome ore is the same.

Mr. FRASER. I was not familiar with how much chrome ore was used.

Mr. MOXON. Fourteen percent of our total tonnage shipped consists of chrome in the finished product.

Mr. FRASER. That is in content?

Mr. MOXON. Of every ton of special steels that we shipped last year approximately 14 percent was chrome.

Mr. FRASER. Basically one of the things you argue in your statement is that there are countries who are getting the Rhodesian ore at lower cost and consequently the position of the United States is damaged.

Mr. BLISS. Yes. I said one other thing, that it would be a worse damage if the global market was not getting Rhodesian chrome ore because then we would be pretty solely dependent for high-grade chrome ore on one principal, Russia and, to a lesser degree on Turkish ore, and many other small contributors to this exercise. But essentially that is what the whole world would have to feed off of assuming you wish a stainless steel industry.

Mr. FRASER. I must say that insofar as some countries are acquiring this at lower cost it seems that is an unreasonable circumstance.

Mr. BLISS. We believe it is, especially since we own the properties nominally.

Mr. FRASER. I gather that if and when you are back in operation in that country, you, through the accounting you refer to, may find that you have some credit.

Mr. BLISS. I wish I could assist you there and tell you precisely what the ending negotiation would look like but not being privileged to run the negotiations, I cannot report on it. It is clear, however, that the contractual commitments from the ore being produced in Rhodesia are getting longer and longer and to willing buyers, particularly since the prices are obviously lower than those being demanded by other producing areas. As soon as there is free trade reestablished then clearly the commitments made to willing buyers would have to be

filled. I believe that American companies have integrity and they probably would be obliged to fulfill those commitments made by the mandated regime, the regime that mandated the property.

Now, having accomplished this then I would imagine that Rhodesia would have recognized that it is to its interest to retain a more reasonable percentage of its profits in Rhodesia before it releases the ore. We both know that most nations blessed with indigenous raw materials are becoming more interested in enhancing the value of its wealth before it leaves shore.

This is just ordinary commonsense. So that I doubt if we will suddenly, by saying we are ready to do business again, that we can revert back to the principles and arrangements that existed in 1966. It may well be that we have done a great deal of good for the whole world in sanctioning Rhodesia. It is unclear to me what it is, but we have at the same time I think severely penalized our own interests for many, many years to come.

It is my belief that at the appropriate time the Smith government will welcome us back assuming that we do not do anything worse to them than we have already or that we do not perpetuate this policy for much longer.

Mr. GROSS. Mr. Chairman, we just might issue an invitation to Mr. Smith to come over and testify as to what is likely to follow but on second thought I don't know whether the State Department would let the head of the Rhodesian Government into this country.

Mr. BLISS. I can answer that for you, Mr. Congressman. It so happened that the University of Virginia invited him to give a speech and he was denied a visa.

Mr. GROSS. That is why I said what I did, Mr. Bliss.

Mr. FRASER. Thank you very much.

Our next witness is Mr. Kroft, president of ferroalloys division, Union Carbide Corp.

STATEMENT OF FRED C. KROFT, JR., PRESIDENT, FERROALLOYS DIVISION, UNION CARBIDE CORP.

Mr. KROFT. Mr. Chairman, Mr. Gross, my name is Fred C. Kroft, Jr. I am president of ferroalloys division of Union Carbide Corp. I am pleased to have this opportunity to appear before you today to discuss the impact of the Rhodesian sanction on Union Carbide.

Mr. Chairman, with your permission I would like to bridge a portion of my statement, particularly that covering the applications of stainless steel in the interest of conserving time since the prior witnesses have covered this portion adequately.

Mr. FRASER. We will put your whole statement in the record and you can use whatever parts you want.

(The statement referred to follows:)

STATEMENT OF FRED C. KROFT, JR., PRESIDENT, FERROALLOYS DIVISION, UNION CARBIDE CORP.

Mr. Chairman and members of the Committee, my name is Fred C. Kroft, Jr. I am president of the Ferroalloys Division of Union Carbide Corporation. I am pleased to have this opportunity to appear before you today to discuss the impact of the Rhodesian sanctions on Union Carbide.

Union Carbide's Ferroalloys Division operates five plants in the United States which are engaged in taking the ores of metals like chromium and manganese and converting them in high temperature electric furnaces into ferroalloys which

are then employed by the steel industry in the production of a wide variety of general and special purpose steels. Our plants produce several types of ferrochrome as well as pure chromium metal.

Prior to the imposition of the sanctions, Rhodesia was the major source of the chromium used by Union Carbide. The chromium was produced in mines owned and operated by two wholly-owned affiliates of Union Carbide.

Union Carbide began operations in Rhodesia in 1923 because the accidents of nature and geology placed there the largest bodies of high grade chromium ore in the free world.

In 1965, the last year for which published information is available, 625,000 tons of metallurgical chrome ore were mined in Rhodesia, representing approximately 40 percent of the total free world production.

Union Carbide's affiliated companies in Rhodesia mined approximately 490,000 tons, or about 78 percent of the total. Although the tonnage figures may appear large, the total value of metallurgical chrome ore exported from Southern Rhodesia in 1965 was only 2 percent of Southern Rhodesia's total exports for that year, and less than one percent of its gross national product. Chrome ore is, thus, not a major factor in the Rhodesian economy.

Prior to the sanctions, the pattern of our operation in Rhodesia was as follows: Over half of the 450,000 to 500,000 tons of metallurgical chrome ore produced each year by Union Carbide's affiliated companies in Rhodesia was shipped to, and consumed in Union Carbide's plants in the United States. Approximately 25 percent was shipped to, and consumed by Union Carbide's affiliated companies in Canada, Norway, and the United Kingdom, with the remainder being sold to other U.S. firms and in free world markets.

Since the imposition of sanctions, our mines have continued to operate at the specific direction of the government of Rhodesia. That government has directed our Rhodesia companies to produce and sell chrome ore to a trading Corporation (UNIVEX), which the Rhodesian government has established, in such quantities as UNIVEX specified. There is, of course, no connection—direct or indirect—between UNIVEX and Union Carbide.

IMPORTANCE OF CHROME ORE TO THE UNITED STATES

The United States consumes approximately 1,400,000 tons of chrome ore annually. Some 60 per cent of this amount is consumed by the ferroalloy industry, the remainder going into chemical and refractory applications.

The chrome ore consumed by the ferroalloy industry is used to produce various iron-bearing chromium alloys, principally low-carbon ferrochrome—consuming 42 per cent of the ore; high-carbon ferrochrome—consuming 41 per cent of the ore; and the ferrochrome-silicon—consuming 13 per cent of the ore.

Production of chromium metal consumes the balance. The major end-use products requiring chromium ferroalloys are:

<i>Products</i>	<i>Percent ferroalloy products used</i>
Stainless steel.....	66.0
Alloy steel.....	16.0
High-temperature alloys.....	7.5
Castings.....	7.5
Tool steel.....	2.0
Welding rod and hard facing, et cetera.....	1.0

There is no adequate replacement for chromium in the manufacture of the above products.

Stainless steel production, by far the largest consumer of ferrochrome alloys derived from chrome ore, is used in a wide variety of applications. Annual stainless steel production in the United States is valued at about \$1 billion.

In its many functional applications, stainless steels are selected for one or more of several special properties which make it the only practical choice. Among these are corrosion resistance, oxidation resistance, high temperature strength, toughness at subarctic temperatures, abrasion resistance, and ease of fabrication.

The electric power generating industry is one major area where stainless steel is required. Its use in steam turbine blades is required since if materials with less resistance to corrosion or less high temperature strength were used, operating temperatures would have to be lowered with a resulting loss in efficiency leading to lower power availability and higher costs.

Stainless steel is also employed directly in nuclear power generation where, among other things, it is used as the reactor vessel itself, as tubes containing control rods, and in various associated applications such as pumps and tubing.

In the chemical manufacturing industry, stainless steel is the standard of equipment construction. Nitric acid, ammonium nitrate, acetic acid, and ethylene are only four of an extremely large number of materials either manufactured or transported in stainless steel vessels. The corrosion resistance of stainless steel, frequently combined with its strength at elevated temperatures, makes it the best selection for these very demanding environments.

Industries where cleanliness is critical use a substantial amount of stainless because the metal is easy to clean, it does not chip, does not need paint, and does not react chemically with materials to which it is exposed and hence does not contaminate these materials. Hospitals, food processing, and pharmaceuticals are but three industries where these qualities give tangible benefits. The household uses of stainless steel utensils are well known.

In the outer space and inner space phases of science and national security, stainless steel and chromium containing corrosion resisting steels play a major role. They are used in space for rocket cases and for propellant tanks where good strength to weight ratios and the ability to withstand both heat and cold are paramount. They are used in undersea work as critical parts of propulsion reactors on nuclear submarines and for a variety of associated parts.

Stainless steel is used extensively in the automotive industry for valves, mufflers and other functional parts as for trim.

Thus chrome ore is fundamental to a broad area of our national economy and security.

EFFECTS OF RHODESIAN SANCTIONS ON UNION CARBIDE

The Rhodesian sanctions have had a compounded effect on the operations of Union Carbide as a result of several different factors.

First, as the previous testimony including that of the State Department has indicated, the Rhodesian sanctions have clearly resulted in an increase in the world price of chrome ores. While this price increase, in general, has occurred on a worldwide basis, it has had its most pronounced effect on the U.S. ferroalloys industry because it has been coupled with increases in the costs of other factors involved in ferroalloy production.

Labor rates, power costs, and the costs of pollution control have been rising more swiftly here than in other areas of the world where ferrochrome is produced and the U. S. industry has been placed at an increasing disadvantage.

Second, the sanctions have had two additional effects on Union Carbide. Because of our long ownership of Rhodesian chrome mines, our domestic ferroalloy plants have been specifically designed to use high-grade, lumpy Rhodesian ore. The use of Russian, Turkish, or Iranian ores imposes economic penalties on our operations—in terms of higher costs and reduced efficiencies. Our reliance on Rhodesian ore has also meant that we were not, prior to the sanctions, significant purchasers of Russian ore and we did not have long established trading relationship with the Soviet Union in this area. As a result, we have been generally in the position of having to take what we could get. In 1969, for instance, Union Carbide had to take one ton of run-of-mine Russian ore in order to obtain one ton of high-grade lump ore. From 70 to 80 per cent of the run-of-mine ore was obtained as fines, and we were forced to place much of this ore in inventory for future blending. For this reason, and because of other physical and chemical characteristics of the Russian ore, we have estimated that our manufacturing costs were increased by over \$1,000,000 in 1969.

A third and perhaps the most important effect of the sanctions relates to the changing patterns of world trade in stainless steel. Here the sanctions are only one of the many factors, and possibly even an indirect one, but it is of considerable importance. Imports of stainless steel into the United States, principally from Japan, have been rising at a very rapid rate. We believe it is fair to state that our customers, the U. S. producers of stainless steel are being severely affected by these imports and the long range consequences of this development for the ferroalloys industry and steel industry could be of great significance to the economy and the security of the nation.

The U.S. Executive Order No. 11322, dated January 5, 1967, permanently stopped all imports of Rhodesian chrome ore into the United States. However, the White House and the Treasury Department recognized that cases of "undue hardship" would arise from transactions commenced prior to January 5, 1967,

and indicated that licenses to import would be granted where payment had been made prior to such date. On April 16, 1969, Union Carbide submitted an application to the U. S. Treasury Department for a license to import 150,000 tons of Rhodesian chrome ore which it had paid for prior to January 5, 1967. This license was approved on September 18, 1970.

Since the granting of the license, we have imported 23,000 tons of Rhodesian ore, but to date have not been able to secure delivery of any additional quantities. We anticipate that it may be necessary for us to apply to the Treasury Department for an extension of this license, which expires in September of this year, and for some technical modifications in it.

THE PENDING LEGISLATION

With this general background, let me turn now to a discussion of the pending legislation.

We support the enactment of legislation such as H.R. 5445 which is aimed at permitting the U.S. imports of Rhodesian chrome ore, notwithstanding the economic sanctions against Rhodesia.

But before discussing the specific reasons for our support of this measure, let me say that our obvious preference is for a peaceful settlement of the entire Rhodesian dispute and we sincerely and urgently hope that this committee will aid and encourage the U.S. State Department in doing everything it can to facilitate such a settlement.

Short of such a general settlement, we believe the enactment of legislation like H.R. 5445 would be in the national interest for several reasons:

1. There are important national considerations which are at stake when the Nation is forced to rely on the Soviet Union for more than 50 per cent of its supplies of a critical and strategic material.

2. The welfare of the domestic ferroalloys industry and the domestic steel industry are being adversely affected by sanctions against chrome ore imports from Rhodesia. Continuation of these sanctions and a continued rise in imports of both ferrochrome and stainless steel will, we believe, produce increasing adverse effects which may include employee layoffs in the ferroalloys and steel industries.

3. We see no evidence that the sanctions are achieving their stated purpose. While there are apparently some weaknesses in the Rhodesian economy, there are also indications of considerable strengths. We know, for instance, that the chrome mines continue to operate and that their output is being marketed although we do not have firm evidence as to the purchasers of the ore.

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Production of chromium metal consumes the balance. The major end-use products requiring chromium ferroalloys are shown in our statement with stainless steel accounting for 66 percent. There is no adequate replacement for chromium in the manufacture of the above products.

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(3) We see no evidence that the sanctions are achieving their stated purpose. While there are apparently some weaknesses in the Rhodesian economy, there are also indications of considerable strengths. We know, for instance, that the chrome mines continue to operate and that their output is being marketed although we do not have firm evidence as to the purchasers of the ore.

(4) Chrome ore is not, and has never been, a major factor in the international trade of Rhodesia, and removal of sanctions against chrome and other strategic materials produced in Rhodesia would not have a very significant effect on the Rhodesian economy.

Thank you. I would be glad to try to respond to any questions you may have.

Mr. FRASER. Mr. Kroft, let me ask you about some figures. The production, according to your statement, of stainless steel in the United States is \$1 billion a year.

Mr. KROFT. We say it has been estimated that the stainless steel produced could be valued, that product, at \$1 billion.

Mr. FRASER. The United States is importing 1.4 million tons of chrome ore annually, according to your statement?

Mr. KROFT. Yes. The consumption.

Mr. FRASER. In any event, you say 60 percent of that goes into the ferroalloy industry?

Mr. KROFT. Yes.

Mr. FRASER. My figures would show that is about 840,000 tons.

Mr. KROFT. Right.

Mr. FRASER. Of that amount roughly two-thirds goes into stainless steel, according to your statement.

Mr. KROFT. Yes, sir.

Mr. FRASER. That would be 560,000 tons. If we take as the price increase roughly \$40, as the cost of the sanctions per ton, that turns out to be roughly around \$20 million increase—\$40 times 560,000 would turn out to be about \$20 million for the chrome that goes into stainless steel.

Mr. KROFT. That is for the ore, Mr. Chairman.

Mr. FRASER. And that is the increased cost.

Mr. KROFT. Of the ore.

Mr. FRASER. That is the cost to the industry as a result of the sanctions isolating other factors. What I come out with then is out of the

\$1 billion estimated production of stainless steel annually, the Rhodesian sanctions, assuming the worst, represent a price increase of two-tenths of 1 percent because \$20 million is—maybe my figures are wrong—maybe that should be 2 percent.

Mr. KROFT. I think the other thing you must take into consideration is that that is the selling price, not the cost.

Mr. FRASER. It would amount to 2 percent.

I understand but I am trying to get some perspective here.

Mr. KROFT. I would like to make a suggestion. I heard the conversation with Mr. Bliss. I am not prepared here today to go through all of the calculations but I would be glad to make available to you a chart which would correlate the differences, let us say, that the effect that a \$10 increase in ore price will have upon the cost of ferrochrome.

Then I think that you might wish to discuss with Mr. Andrews and Mr. Bolles and others in stainless industry what effect that would have upon their production. I think we really need to consider this as two specific and different manufacturing and production operations. We would be happy to present that to you.

Mr. FRASER. According to your statement, 560,000 tons go into stainless steel. A \$40 increase would represent roughly 20 or so over 20 million which would be on the order of magnitude of 2 percent of the value of stainless steel produced in the United States.

Mr. KROFT. I cannot argue with the arithmetic. However, there are many other factors to consider. For example, the recovery of the chromium from the ore depends upon the character of the ore, the product to which it is going to be made. If you assume a constant recovery over a period of years this number might be a parameter at best. But there are many other factors.

Mr. FRASER. Let us go into that. We were told the other day that the ore from the U.S.S.R. in some ways is a better ore. Is that true?

Mr. KROFT. The Russian ore has a higher generally, on the average, a slightly higher chromium content and about the same chrome-to-iron ratio so from a composition standpoint it could be said that in some cases the Russian ore is slightly superior to the Rhodesian ore.

There are other things besides chemistry. It is inferior in that there is less of the material in large lumps, a greater percentage of fines which can cause difficulty in some operations.

Mr. FRASER. In the industry is it regarded as better or worse.

Mr. KROFT. I cannot speak for the industry. In Union Carbide it is not considered good.

Mr. FRASER. Soviet ore?

Mr. KROFT. That is right.

Mr. GROSS. I want to thank Mr. Kroft for his statement. It looks to me as though—to use an old expression—you were “had” both going and coming in this deal. Your process was based on Rhodesian ore, was it not?

Mr. KROFT. That is correct, sir.

Mr. GROSS. So when you went to buy it from the Russians they made you take low-grade ore in order to get some of high grade.

Mr. KROFT. That is right.

Mr. GROSS. So they jumped you around and, of course, at a higher cost.

I have no questions.

Mr. FRASER. Could you enlarge on this requirement by the Soviets? Do they require that you take low-grade ore along with their high-grade ore?

Mr. KROFT. The requirement in 1969 was for each ton of so-called lump ore we took we also took fines in an equal amount. That was the condition of the purchase.

Mr. FRASER. What was the chrome content of the fines?

Mr. KROFT. The chrome content of the fines was equivalent to that of the lump. It is just a different form. In this case the quality we are talking about is form rather than chromium content.

Mr. FRASER. I am wondering to what extent this is inferior ore.

Mr. KROFT. From a processing standpoint. At that particular point in time, as we have testified, our production process was built around lump ore. So that material that was finer than our equipment was designed to take care of would be less desirable.

Mr. FRASER. When you say you "were forced to place the ore in inventory for future blending" do you mean that you have built up an inventory of the ore in the fines?

Mr. KROFT. We do have some fines in inventory.

Mr. FRASER. That has been a growing inventory?

Mr. KROFT. No; I don't think it has been a growing inventory.

Mr. FRASER. So that you are using it currently—

Mr. KROFT. Yes, sir. We have used it to a limited degree, Mr. Fraser.

Mr. FRASER. I gather you are using it at about the level it is coming in if your inventory is not growing.

Mr. KROFT. We have not used any large amount of Russian ore in 1970-71. We were able to purchase 40,000 tons of Russian ore from GSA stockpile in 1970 and this helped us.

Mr. FRASER. Where else are you getting ore?

Mr. KROFT. We have gotten ore from Turkey and from Iran and from Pakistan.

Mr. FRASER. This is all of the high-grade ore?

Mr. KROFT. No. It is lower chromium content than Rhodesian.

Mr. FRASER. But is it metallurgical?

Mr. KROFT. Yes, sir. That is correct.

Mr. FRASER. From Iran and Pakistan?

Mr. KROFT. Yes, sir; small quantities. Their deposits are much smaller.

Mr. FRASER. Do you have any mines in South Africa?

Mr. KROFT. We do have mines in South Africa. We mine a lower chromium content ore than the Rhodesian ore.

Mr. FRASER. South Africa?

Mr. KROFT. Yes, sir.

Mr. FRASER. What kind of ore is it?

Mr. KROFT. It is called Transvaal ore and this refers to a region in South Africa. This ore contains roughly 40-percent chromium.

Mr. FRASER. This is not metallurgical ore?

Mr. KROFT. Yes, sir; but it contains less chromium and as a result the chromium-to-iron ratio is different than the Rhodesian and the

Russian ore so that in producing stainless steel, it would cost more to produce stainless steel from this product.

Mr. GROSS. The two free world sources of this high-grade ore are Rhodesia and Turkey, is that not true?

Mr. KROFT. That is correct.

Mr. FRASER. Where do you process the Transvaal ore?

Mr. KROFT. You mean where do we mine it?

Mr. FRASER. No; where do you process it?

Mr. KROFT. The Transvaal ore is sold to other companies and we also process some of it at our Marietta, Ohio, plant and our West Virginia plant.

Mr. FRASER. You do not do any processing in South Africa itself?

Mr. KROFT. No.

Mr. FRASER. You do not do any concentrating?

Mr. KROFT. I cannot answer that. I don't know. But we do not produce ferroalloys in South Africa.

Mr. FRASER. What is the production level of your mines in South Africa?

Mr. KROFT. I do not know.

Mr. FRASER. South Africa is shown in the appendix submitted by Mr. Bliss to be a major source of chromium reserves.

Mr. BLISS. The Transvaal ore is low-grade. That is low-grade that he is speaking about, the Transvaal ore. That is very extensively concentrated in the Republic of South Africa but if you will note in the other column it talks about high-grade ore. There the concentration of high-grade ore in reserves is predominantly Southern Rhodesia.

Mr. FRASER. Your chart shows for the high chrome content variety, South Africa has 22.5 percent of the world reserves, Southern Rhodesia 67.4 percent and Soviet Union 5.6 percent.

Mr. BLISS. Take your own figure. It is difficult to know that.

Mr. FRASER. Have you increased the production of your ores from South Africa since the sanctions as a replacement?

Mr. KROFT. I do not know. I have never been to South Africa. I have no direct authority over our operations in South Africa. That is why I am not in a position to answer that question.

Mr. FRASER. Their reserve position is impressive in materials of every country except Rhodesia.

Mr. GROSS. Except for the cost of processing that low-grade ore. That is where the impressiveness ends.

Mr. KROFT. It is my belief, and I am guessing, that we have not increased at this particular point our total capability in the Transvaal area.

Mr. FRASER. But that ore, as I understand it, with the increased cost of processing can be made into a quality of chrome alloy that is suitable for the various purposes for which we need it in this country.

Mr. KROFT. That is correct.

Mr. FRASER. So it is primarily an economic consideration.

Mr. KROFT. That is correct.

Mr. FRASER. Do you know what the price is per ton from your mines in South Africa?

Mr. KROFT. I do not.

Mr. BLISS. I think it would be germane to your line of questioning, Mr. Chairman, to point out if you went to the low-grade ore, you would substantially reduce your capability of your domestic furnaces.

Mr. FRASER. They would have to be altered.

Mr. BLISS. Not only that but your yield factor and throughput is controlled by the amount of materials you put in and if there is a lower chrome content your throughput per day drops substantially. Would you support that, Fred?

Mr. KROFT. I would.

Mr. FRASER. It turned out that the production of taconite had a superior quality for introduction into the furnace. In that area I am aware of changing technology and the economics do make what was once impractical, practical. I am curious as to whether in South Africa there is enormous reserve, and in Rhodesia, in the lower chromite content. If the price goes up, it could become a source of chrome.

Mr. KROFT. I think the use of Transvaal ore in the production of ferroalloys for stainless steel manufacture have increased. Exactly what you are saying has occurred. I think it probably will continue to occur. But again we have run up against an economic situation and a competitive situation.

Mr. FRASER. I don't mean to suggest that it is going to be processed until the economics would indicate that it is reasonable but if chrome is a vital metal, if there is a risk of running short, then what that means is that you go to the lower grades which may cost more to process, but at least you have access to it.

Mr. KROFT. That is correct. And if everyone else is processing, starting with that same starting material, that is fine, but if they are not, then you are not going to be competitive.

Mr. FRASER. On page 8, I am going to read the sentence that is in your statement. You say:

We know that the chrome mines continue to operate and their output is being marketed but we do not have firm evidence as to the purchasers of the ore.

When you read that, you dropped the word "firm." May I conclude that you have some idea as to who the purchasers are?

Mr. KROFT. It would be pure speculation. I have no evidence who the purchasers are.

Mr. FRASER. You have some impressions but no evidence, is that a fair statement?

Mr. KROFT. I have no evidence.

Mr. FRASER. Thank you very much. You have been very helpful to us.

Our next witness is Mr. Blair Bolles, Colt Industries.

STATEMENT OF BLAIR BOLLES, VICE PRESIDENT, COLT INDUSTRIES

Mr. BOLLES. Thank you.

My name is Blair Bolles. I am a vice president of Colt Industries and a vice president of its component company, Crucible, Inc., which has headquarters in Pittsburgh, Pa. Crucible is a major producer of specialty steels, and is an important user of chrome.

We are interested in the question whether Rhodesian ore is entering the United States designated as ore from another source. In that connection, I appear here today in order to present the subcommittee with the results of a test made last February at the laboratory of Crucible, Inc. The test concerned samples of chromium ores from several countries including Rhodesia and the Soviet Union.

The test is based on the titanium content of the ores. In laboratory's checking of chemical analyses of dozens of chromites from many sources, it appeared that all contained some titanium and that the titanium appeared to be at two distinctly different levels depending on the source.

On this basis we obtained chromium ores stockpiled in the United States by companies in the minerals business. One lot of samples in the possession of Lavino Division of International Minerals & Chemical Corp., Philadelphia, originated from positively identified sources.

The chromite phase in these ores were analyzed by means of the electron microprobe for titanium and compared with a number of samples in another lot of ores, including four samples that had been shipped into the United States designated as coming from the Soviet Union. A total of five Soviet samples were tested:

The data resulting from the tests show an unexpected similarity in titanium content between Rhodesian ore and four Soviet samples. In summary the data showed the following:

(1) The titanium level of all samples may be placed in one of two categories—low—0.10 percent or less—or high—above 0.25 percent.

(2) The range of the titanium content within a source is relatively small.

(3) Most importantly, the so-called Soviet ore overlaps the range of the sample from Rhodesia—0.06 to 0.10 percent compared to 0.08 to 0.09 percent for the Rhodesian ore—while the sample known to have come from the major Russian source contains 0.29 to 0.30 percent.

This is, of course, circumstantial evidence, and does not preclude the possibility that the low-titanium-content ore came from a Soviet source different from the high-content sample. However, it certainly suggests the possibility that the ore originates in Rhodesia.

A table appended to this statement shows content sample by sample.

The test results were submitted to the Department of State on March 19. We suggested that the Federal Government make tests like ours in order to find out whether the results would be the same. The test is not final proof, but it does raise a question which should engage the interest of the Congress and the executive branch. Is the United States obtaining Rhodesian ore without being aware that it is doing so?

If so, it is ridiculous that the United States should continue to refrain from importing Rhodesian ore directly. It is time for the Government to face this fact.

After that I have a table which I don't think is necessary to read aloud but which I would like to have included in the record.

Mr. FRASER. We will do that.
(The information follows:)

TITANIUM CONTENT OF CHROMITE PHASE IN CHROMIUM ORES FROM VARIOUS SOURCES

Low titanium group		High titanium group	
Source of chromium ore	Titanium content ¹ of chromite phase, in weight percent	Source of chromium ore	Titanium Content ¹ of chromite phase in weight percent
Soviet sample number:			
1.....	0.08-0.09	Soviet (from Lavino).....	6.29-0.30
2.....	0.08-0.10	.....	.....
3.....	0.06-0.06	.....	.....
4.....	0.06-0.07	.....	.....
Rhodesia.....	0.08-0.09	.....	.....

¹ The titanium analyses reported is the range found in 3 samples from each source.

Mr. BOLLES. This is a short simple statement and it is only to that point that I wish to address myself without making any accusations of violations of the United Nations resolution to which all members of the Security Council supposedly are bound, but I think it raises a question which needs pursuit and which I hope that this subcommittee would recommend to the executive department, that it pursue.

Mr. FRASER. Thank you very much. We are told that tests are run on imported ores. Do you know anything about that?

Mr. BOLLES. I think the Customs Bureau in the living up to its responsibilities, does make some tests from time to time. Our laboratory people who are excellent chemists and first-rate metallurgists hit upon this titanium test as possibly indicative in a way which other tests are not.

There are various titanium tests. One can test the titanium in the whole content of a sample or one can test, as we did, the titanium in the chrome grain. This brings different results than the test of the entire sample and if our test was tested itself by the Bureau of Customs or some appointed agency or agent of the Government, why we think it would be an eye opener if the Bureau understood from us the exact nature of our test.

I don't really speak from general knowledge here but it is my understanding that this very refined approach to the titanium content had not been investigated by the Federal Government.

Mr. FRASER. In the testing of an ore, there must be a series of minerals.

Mr. BOLLES. Yes.

Mr. FRASER. I don't know how many.

Mr. BOLLES. Frankly, I don't know either because I am not a metallurgist myself, but I know this to be a fact.

Mr. FRASER. Do you know what kinds of tests the Customs Bureau runs?

Mr. BOLLES. No; I don't, sir.

Mr. FRASER. If it were the case that typically you find a number of traces of a variety of minerals or elements, I would think this would amount to a fingerprinting or spectrographic analysis.

Mr. BOLLES. I think the detective work here is to determine a discernable difference, ore from ore, source from source which one can rely on as a fingerprint. Many of the discoveries of the contents of ore may not show marked differences.

Mr. FRASER. You are not familiar with the extent to which testing for other minerals may be involved in testing by the Customs Bureau?

Mr. BOLLES. No. I am sure the Customs Bureau knows its business and feels responsible to make sure that what it is permitting to come into the country is proper to come in. However, there are advances technologically and in laboratory work. We have hit on a line of testing which is new, a breakthrough.

Mr. FRASER. Do your experts suggest to you that the test you have applied is the most reliable of the tests available?

Mr. BOLLES. They conclude it was reliable from the variety of other that they sampled and what they concluded was that it was the most indicative method of fingerprinting.

Mr. FRASER. You raised a very interesting question which we will certainly ask the executive branch to comment on. You have never had a response directly from them on this?

Mr. BOLLES. No. I don't know how long it takes them to get with such things. We have had conversations from time to time but no report back either knocking it down or upholding it.

Mr. FRASER. I assume your people are available to them if they want?

Mr. BOLLES. They are indeed.

Mr. FRASER. Thank you very much. You raised a very interesting question.

The last witness is Mr. E. F. Andrews, vice president in charge of purchases, Allegheny Ludlum Steel Corp.

**STATEMENT OF E. F. ANDREWS, VICE PRESIDENT—PURCHASES,
ALLEGHENY LUDLUM STEEL CORP.**

Mr. ANDREWS. Thank you very much. I realize the hour is growing late but perhaps I can add a little to what has already been said and perhaps answer one or two of the questions I feel went unanswered.

As I said, I am E. F. Andrews, vice president of purchases, Allegheny Ludlum Industries, Inc. One of our member companies, Allegheny Ludlum Steel Corp., is a major producer of stainless and specialty steels. I also represent the Tool and Stainless Steel Industry Committee and am chairman of the Critical Materials Supply Committee of the American Iron & Steel Institute. We appreciate this opportunity to speak in favor of House Resolution 5445.

As one who spends a major portion of his waking hours concerned with the problems of materials supplies for this country, I am quite naturally interested in any legislation that has as its purpose the protection of such supplies.

The United States is very much a negative nation in regard to the availability of strategic raw materials. It has been reported that, of the 30 strategic metals, so defined by the Office of Emergency Preparedness, 25 must be imported by the United States in order to supply the needs of important American industries.