93D CONGRESS 1st Session } HOUSE OF REPRESENTATIVES { REPORT No. 93-325

AMENDING THE EXPORT ADMINISTRATION ACT OF 1969, TO PROTECT THE DOMESTIC ECONOMY FROM THE EXCESSIVE DRAIN OF SCARCE MATERIALS AND COMMODITIES AND TO REDUCE THE SERIOUS INFLATIONARY IMPACT OF ABNORMAL FOREIGN DEMAND

JUNE 25, 1973.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency, submitted the following

REPORT

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 8547]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 8547) to amend the Export Administration Act of 1969, to protect the domestic economy from the excessive drain of scarce materials and commodities and to reduce the serious inflationary impact of abnormal foreign demand, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The amendments are as follows:

On page 2, line 13, strike out the quotation marks.

On page 2, immediately after line 13, insert the following:

(3) (A) On Tuesday of each week, the Secretary shall publish in the Federal Register with respect to each group of agricultural commodities listed in subparagraph (B) and each category within each such group the following information:

"(i) estimated domestic supply (including any reserve and carryover) of such commodity as of the day preceding the date of publication of this information in the Federal Register,

"(ii) the estimated domestic requirements for such commodity by crop year, "(iii) the estimated domestic use of such commodity by crop year as of the day preceding the date of publication of this information in the Federal Register, and

"(iv) the exports and commitments of such commodity by crop year as of the day preceding the date of publication of this information in the Federal Register.

(B) The following is the listing of agricultural commodities referred to in subparagraph (A):

"Group I—Wheat

"Wheat—Hard red winter.
"Wheat—Soft red winter.
"Wheat—Hard red spring.
"Wheat—White.
"Wheat—Durum.

"Group II—Rice

"Rice in the husk, unmilled.
"Rice, husked, long grain.
"Rice, husked, medium grain.
"Rice, husked, short grain.
"Rice, husked, mixed.
"Rice, parboiled, long grain.
"Rice, parboiled, medium grain.
"Rice, parboiled, short grain.
"Rice, parboiled, mixed grain.

"Rice, milled, containing 75 percent or more broken kernels.

"Rice, milled, long grain, containing less than 75 percent broken kernels.

"Rice, milled, medium grain, containing less than 75 percent broken kernels.

"Rice, milled, short grain, containing less than 75 percent broken kernels.

"Rice, milled, mixed grain, containing less than 75 percent broken kernels.

"Group III—Barley

"Barley, unmilled.

"Group IV—Corn

"Corn, except seed, unmilled.

"Group V—Rye

"Rye, unmilled.

"Group VI—Oats

"Oats, unmilled.

"Group VII—Grain sorghums

"Grain sorghums, unmilled.

"Group VIII—Soybeans and soybean products

"Soybean oil-cake and meal.
"Soybeans.

"Group IX—Cottonseeds and cottonseed products

"Cottonseed oil-cake and meal.
"Cottonseed."

(b) (1) Section 3(2)(A) of the Export Administration Act of 1969 is amended by striking out "and" and inserting in lieu thereof "or".

(2) Section 4(c) of the Export Administration Act of 1969 is amended by inserting "or to reduce the serious inflationary impact of abnormal foreign demand" immediately after "scarce materials".

On page 2, line 14, strike out "(b)" and insert in lieu thereof "(c)".

NEED FOR THE LEGISLATION

During the latter half of 1972 there was a sharp rise in the price of a number of materials and commodities concomitant with increased foreign demand. Among the more important of these, in terms of domestic inflationary impact, were wheat and feed grains, attended by sharply increased purchases by the U.S.S.R., and softwood logs for ultimate use in home construction, increasingly exported to Japan.

Early in 1973, following the abandonment of the Phase II Economic Stabilization program, the exchange value of the dollar relative to a number of other key currencies was significantly reduced. This was followed by a rush on the part of foreign purchasers toward materials and commodities of all kinds available in the United States, including ferrous scrap, timber, soybeans and certain soybean products. These unrestricted exports accelerated the increase in the domestic price of food and other consumer products.

There was no evidence that, during the last quarter of 1972, the Department of Commerce was exercising its authority to protect the domestic economy from the excessive drain of scarce material and to reduce the serious inflationary impact of abnormal foreign demand. The 102nd Quarterly Report on Export Control by the Secretary of Commerce for the 4th quarter of 1972 indicated that there were no commodities under short supply control. Reporting requirements in this connection extended only to exports of selected kinds of coal and coke and to current trends in production and consumption of walnut logs, lumber and veneer. During the first quarter of 1973, there were again no commodities under short supply control. Reports on coal and coke were terminated, and information requirements from walnut producers were relaxed. Although the Department of Commerce indicated that there was considerable urging from domestic consumers for the control of exports of ferrous scrap, copper, cattlehides, softwood logs and fertilizer, no reporting requirements or curtailments were instituted.

In view of this development, legislation introduced and referred to the Committee on Banking and Currency on March 19 was referred to its Subcommittee on International Trade, and hearings were begun on March 21 and continued through May 15. The Subcommittee on International Trade took testimony from public witnesses and representatives of the Departments of Commerce and Agriculture, with particular focus on the situation with respect to softwood logs and lumber, cattlehides and ferrous scrap. The testimony of the Department of Commerce of May 15 was one of sympathy with proposals to establish an early warning system to forecast changes in domestic demand and supply and to consult with industry and other groups to aid in such forecasting. The testimony from the Department indicated that a resurgence of steel production and ferrous scrap demand at home and abroad and increasing U.S. exports of scrap are resulting in rising prices and pose the possibility of shortages of scrap. It was the testimony of the Department of Agriculture at that time, that other countries are able at the moment, in spite of what are very attractive prices here, to outbid domestic processors for certain available supplies.

It was the contention of the Department of Commerce, nevertheless, that export controls as a price control device could not be justified, particularly in the present state of our balance of payments. It had also been the contention that in order for there to be a application of controls, the commodity in question need be in short supply domestically, and under serious inflationary pressure, with this short supply and inflationary pressure attributable to abnormal foreign demand.

On June 5, the Subcommittee on International Trade recommended to the full Committee on Banking and Currency legislation which was introduced on June 8 as H.R. 8547. All of the provisions of H.R. 8547 as introduced were adopted by the committee.

Section 1 would amend the Export Administration Act of 1969 to provide that the Secretary of Commerce, in consultation with appropriate technical advisory committees, shall investigate which materials or commodities shall be subject to export controls because of the present or prospective domestic inflationary impact or short supply of such material or commodity in the absence of any such export control. The Secretary is required to develop forecast indices of the domestic demand for such materials and commodities to help assure their availability on a priority basis to domestic users at stable prices.

The Section further provides that implementation of export controls for the purpose of rectifying conditions of domestic short supply or inflationary impact shall not be exercised with respect to any agricultural commodities without the approval of the Secretary of Agriculture.

The Section also provides that, upon written request by representatives of a substantial segment of any industry which processes materials or commodities which are subject to export controls or are being considered for such controls because of the present or prospective domestic inflationary impact or short supply of such materials or commodities in the absence of any such export controls, the Secretary of Commerce shall appoint a technical advisory committee for any grouping of such materials or commodities to evaluate technical matters, licensing procedures, worldwide availability, and actual use of domestic production facilities and technology.

On June 13 in a television address to the Nation, the President announced a revision in the economic stabilization program, and in this connection, stated a change of position with respect to export control policy.

The President proposed an amendment to the Economic Stabilization Act to give him new authority to impose a system for export controls to help achieve the goals of his anti-inflation program. It is the intent of the Committee to assure the President adequate authority to impose restraints upon exports as part of an overall effort to curtail serious domestic inflation. The Committee has determined, accordingly, that the Preisident's objectives can be achieved through amendments to the Export Administration Act and therefore has adopted amendments to Sections 3(2) and 4(c) of that Act, modifying the criteria for imposing controls. It is the intent of the Committee that the authority thus given to the President be broadly construed and not subject to narrow interpretations allegedly restricting his ability to impose controls to curtail inflation.

Under the amendments, export controls may be imposed to the extent necessary to protect the domestic economy from the excessive drain of scarce materials, or they may be imposed to reduce the serious inflationary impact of abnormal foreign demand. It is the intent of the Committee that abnormal foreign demand need not be the major cause of serious inflation in the price of a commodity as a condition to permit the use of export controls. It is sufficient that such demand be a significant factor in causing inflation in the price. The word "abnormal" does not necessarily mean that foreign demand must have increased, or that there be some unusual characteristic of that demand. Rather, it means "abnormal" under the existing circumstances because of its effect on domestic prices. The reference to scarce materials is intended to refer to relative imbalance of supply and thus may occur when there is high demand relative to supply as well as low supply relative to demand. It is also the intent of the Committee that controls may be imposed to prevent an excessive drain of scarce materials from taking place and that controls need not be held in abeyance until such an excessive drain has actually occurred.

The Committee wishes to make clear that existence of controls shall not be considered as necessarily precluding the Secretary of Agriculture from making the various determinations under PL–480 necessary to permit the sale or disposition of commodities under that Act. Thus, when controls are in effect for a commodity it will still be possible as a legal matter to have a PL–480 transaction for that commodity if the Secretary of Agriculture otherwise is able to make the determinations required under PL–480.

Your Committee also adopted an amendment to require publication of U.S. agricultural export data that is being collected by the Office of Export Control, U.S. Department of Commerce.

In his June 13 address to the Nation, President Nixon announced his willingness to impose export controls on agricultural products to stem domestic food price increases. Regulations issued at the same time required up-to-date reporting of grain exports.

The President indicated there was a direct relationship between rising food prices and U.S. food exports. "One of the major reasons for the rise in food prices at home is that there is now an unprecedented demand abroad for the products of America's farms." But the President pointed out that: "In allocating the products of America's farms between markets abroad and those in the United States, we must put the American consumers first."

Food prices which have risen 43.2% on the wholesale price index in the first four months of Phase III were singled out by the President as one of the major areas for special attention and action.

The export reporting program established by the President is an essential tool in determining when to impose export controls on U.S. agricultural commodities. Under the terms of the President's new export reporting program which went into effect on June 20, 1973, each Monday thereafter, the Department of Commerce must up-date these figures for "changes in anticipated exports, changes in existing orders and shipments occurring in the previous week."

Your Committee's amendment requires that figures on exports and export commitments be published in the Federal Register on the following day so that the Congress and the American people will know the extent of our food export commitment and evaluate Presidential decisions to use or not to use export controls.

The Committee specifically requires the use of aggregate figures to assure the confidence of sensitive, private business information.

In addition, to facilitate public and Congressional analysis, your Committee requires other figures (which are available) to be published with the Department of Commerce figures: (1) the total U.S. crop available; (2) anticipated U.S. demand; (3) actual domestic use to date; and (4) exports and export commitments to date.

Your Committee's amendment specifically includes all agricultural commodities subject to the monitoring ordered by the President.

Your Committee believes that in this most sensitive area of food prices, the public and the Congress have the right to know the basis upon which the Executive Branch decides to use or not to use export controls.

Yet another reason your Committee feels publication of this data is essential is to prevent this new source of market information from becoming the basis of "insider information."

Lumber and Logs

It is the intent of the Committee that the United States should make full use of its resources in trade with other nations in order to achieve greater domestic employment and real income and to maintain the value of our currency. However, the continuing growth in the volume of softwood logs being exported primarily from the State of Washington, and also from Oregon and California, has been adversely affecting the domestic processors and users of the national timber, lumber and related wood products supply. Federal timber lands in these states are the most important single source of raw materials to the lumber and plywood industries. In recent years the timber sales program on the national forests has been declining and is now substantially below the allowable harvest levels which the Forest Service of the Department of Agriculture calculates the national forests are capable of supporting. The objective, therefore, is to encourage sufficient production of timber in both Federal and non-Federal ownership to permit high levels of production of wood products for domestic needs and sufficient timber production to meet export opportunities.

Section 2 of the bill proposes a new Section 10 to the Export Administration Act of 1969 which would limit the export of softwood logs and lumber in calendar years 1973 and 1974, reserving more of these products for domestic use, unless the Secretary of Agriculture certifies that for the same calendar years at least 11.8 billion board feet of softwood timber will be offered for sale from the national forests. The annual limitations would be 2.5 billion board feet for softwood logs and 1.0 billion board feet for softwood lumber. The bill further prohibits the export of logs cut from Federal timber in the West unless the President first determines that there is available for domestic use an adequate supply of softwood logs and lumber at reasonable price levels. In the event of such a determination by the President he is authorized to permit up to 350 million board feet of logs cut from Federal timber to be exported, this volume being the same as already established by provisions of the Foreign Assistance Act of 1968, as extended.

A mechanism is provided in subsection 10(c) whereby logs harvested from Federal timber which are judged to be surplus to domestic needs may be exempted from the export limitation provided in subsection 10(b). In the administration of existing law, for example, regulations allow Port Orford cedar, for which there is virtually no domestic demand, to be exempted. There is a possibility that chip logs or species and volumes which are locally in surplus might be deserving of exemption.

The Secretaries of the Departments administering Federal lands are directed in subsection 10(d) to issue the necessary regulations, including regulations to prevent buyers of Federal timber from substituting that timber for non-Federal timber which they are exporting. There is authority in subsection 10(e) to exempt the Federal timber involved in small salvage and other small sales, that are made chiefly to facilitate forest administration, from the regulation.

Exercise of Other Existing Authority

Under the provisions of the Revenue Act of 1971, providing benefits to Domestic International Sales Corporations, where a category of property is not in sufficient supply to meet the demands of the domestic economy, even though it would otherwise be accorded the tax advantages of export property, it would be inappropriate for tax deferral provided by the Revenue Act of 1971. In such cases, there is no reason to encourage exports. The President under the DISC provision is authorized to exclude from favorable treatment any property which he determines is not in sufficient supply to meet the requirements of the domestic economy. It is the opinion of the Committee that the President should exercise this authority during periods of short supply of commodities and materials, the exportation of which is curtailed or prohibited under the provisions of the Export Administration Act of 1969.

Cost of Carrying Out the Bill and Committee Vote

In compliance with Clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the cost of carrying out this bill. There will be no budgetary impact in carrying out the provisions of this legislation.

In compliance with Clause 27 of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote of the motion to report the bill. The bill was adopted by a vote of 24 ayes, 4 nays.

Section-by-Section Explanation of the Committee Bill

Section 1

Subsection (a) of this section amends section 4(e) of the Export Administration Act of 1969 to provide that the Secretary of Commerce shall make an investigation to determine which materials or commodities shall be subject to export controls as a result of the present or prospective domestic inflationary impact or short supply of such materials or commodities. The Secretary of Commerce shall also develop forecast indices of the domestic demand of such materials and commodities. With respect to agricultural commodities, the Secretary of Commerce may not impose export controls without the approval of the Secretary of Agriculture.

The subsection also states that the Secretary of Commerce shall, on a weekly basis, with respect to listed agricultural commodities, publish in the Federal Register the following information by crop year: estimated domestic supply (including reserves and carryovers) of each listed commodity, estimated domestic requirements for and use of each listed commodity, and exports and export commitments of each listed commodity.

Subsection (b) of this section amends section 3(2) and 4(c) of the Export Administration Act of 1949 to make it clear that the Committee intends that the provisions of the Export Administration Act of 1969 grant the authority to prohibit or curtail or in any other manner control the export of any material or commodity to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and commodities or to reduce the serious inflationary impact of abnormal foreign demand.

Subsection (c) of this section inserts a new paragraph into section 5(c) of the Export Administration Act of 1969 to direct the Secretary of Commerce to appoint a technical advisory committee to evaluate technical matters, licensing procedures, and other factors with respect to any grouping of materials or commodities for which export controls may be instituted because of a present or prospective domestic inflationary impact or short supply, upon request of a substantial segment of any industry which processes such materials or commodities.

Section 2

This section adds a new section 10 to the Export Administration Act of 1969 in order to establish certain export controls on softwood logs and softwood lumber for calendar years 1973 and 1974, and to prohibit the sale for export of unprocessed timber from Federal lands located west of the 100th meridian. If the President determines that an adequate supply of softwood logs and lumber exists at reasonable prices for domestic use, then up to an annual maximum of 350 million board feet in the aggregate may be sold for export from such Federal lands. If further hearings are held and certain findings are made, then additional amounts of such softwood logs and lumber may be sold for export from such Federal lands.

This section also requires that appropriate Secretaries promulgate rules to prevent the substitution of Federal timber for exported non-Federal timber.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics, existing law in which no change is proposed is shown in roman):

EXPORT ADMINISTRATION ACT OF 1969

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DECLARATION OF POLICY

Sec. 3. The Congress makes the following declarations:

(1) It is the policy of the United States both (A) to encourage trade with all countries with which we have diplomatic or trading relations, except those countries with which such trade has been determined by the President to be against the national interest, and (B) to restrict the export of goods and technology which would make a significant contribution to the military potential of any other nation or nations which would prove detrimental to the national security of the United States.

(2) It is the policy of the United States to use export controls (A) to the extent necessary to protect the domestic economy from the excessive drain of scarce materials [and] *or* to reduce the serious inflationary impact of abnormal foreign demand, (B) to the extent necessary to further significantly the foreign policy of the United States and to fulfill its international responsibilities, and (C) to the extent necessary to exercise the necessary vigilance over exports from the standpoint of their significance to the national security of the United States.

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AUTHORITY

Sec. 4. (a)(1) * * *

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(c) Nothing in this Act, or in the rules and regulations authorized by it, shall in any way be construed to require authority and permission to export articles, materials, supplies, data, or information except where the national security, the foreign policy of the United States, or the need to protect the domestic economy from the excessive drain of scarce materials *or to reduce the serious inflationary impact of abnormal foreign demand makes such requirement necessary.*

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[(e) The authority conferred by this section shall not be exercised with respect to any agricultural commodity, including fats and oils or animal hides or skins, without the approval of the Secretary of Agriculture. The Secretary of Agriculture shall not approve the exercise of such authority with respect to any such commodity during any period for which the supply of such commodity is determined by him to be in excess of the requirements of the domestic economy, except to the extent the President determines that such exercise of authority is required to effectuate the policies set forth in clause (B) or (C) of paragraph (2) of section 3 of this Act.]

(e)(1) The Secretary of Commerce, in consultation with appropriate United States Government departments and agencies and any appropriate technical advisory committee established under section 5(c)(2), shall undertake an investigation to determine which materials or commodities shall be subject to export controls because of the present or prospective domestic inflationary impact or short supply of such material or commodity in the absence of any such export control. The Secretary shall develop forecast indices of the domestic demand for such materials and commodities to help assure their availability on a priority basis to domestic users at stable prices.

(2) To effectuate the policy set forth in clause (A) of paragraph (2) of section 3 with respect to any agricultural commodity, the authority conferred by this section shall not be exercised without the approval of the Secretary of Agriculture.

(3)(A) On Tuesday of each week, the Secretary shall publish in the Federal Register with respect to each group of agricultural commodities listed in subparagraph (B) and each category within each such group the following information:

(i) estimated domestic supply (including any reserve and carryover) of such commodity as of the day preceding the date of publication of this information in the Federal Register,

(ii) the estimated domestic requirements for such commodity by crop year,

(iii) the estimated domestic use of such commodity by crop year as of the day preceding the date of publication of this information in the Federal Register, and

(iv) the exports and commitments of such commodity by crop year as of the day preceding the date of publication of this information in the Federal Register.

(B) The following is the listing of agricultural commodities referred to in subparagraph (A):

Group I—Wheat

Wheat—Hard red winter.
Wheat—Soft red winter.
Wheat—Hard red spring.
Wheat—White.
Wheat—Durum.

Group II—Rice

Rice in the husk, unmilled.
Rice, husked, long grain
Rice, husked, medium grain.
Rice, husked, short grain.
Rice, husked, mixed.
Rice, parboiled, long grain.
Rice, parboiled, medium grain.
Rice, parboiled, short grain.
Rice, parboiled, mixed grain.
Rice, milled, containing 75 percent or more broken kernels.
Rice, milled, long grain, containing less than 75 percent broken kernels.
Rice, milled, medium grain, containing less than 75 percent broken kernels.
Rice, milled, short grain, containing less than 75 percent broken kernels.
Rice, milled, mixed grain, containing less than 75 percent broken kernels.

Group III—Barley

Barley, unmilled.

Group IV—Corn

Corn, except seed, unmilled.

Group V—Rye

Rye, unmilled.

Group VI—Oats

Oats, unmilled.

Group VII—Grain sorghums

Grain sorghums, unmilled.

Group VIII—Soybeans and soybean products

Soybean oil-cake and meal.
Soybeans.

Group IX—Cottonseals and cottonseed products

Cottonseed oil-cake and meal.
Cottonseed.

CONSULTATION AND STANDARDS

SEC. 5. (a) * * *

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(c) (1) Upon written request by representatives of a substantial segment of any industry which produces articles, materials and supplies, including technical data and other information, which are subject to export controls or are being considered for such controls because of their significance to the national security of the United States, the Secretary of Commerce shall appoint a technical adivsory committee for any grouping of such articles, materials, and supplies, including technical data and other information, which he determines is difficult to evaluate because of questions concerning technical matters, worldwide availability and actual utilization of production and technology, or licensing procedures. Each such committee shall consist of representatives of United States industry and government. No person serving on any such committee who is representative of industry shall serve on such committee for more than two consecutive years.

(2) Upon written request by representatives of a substantial segment of any industry which processes materials or commodities which are subject to export controls or are being considered for such controls because of the present or prospective domestic inflationary impact or short supply of such materials or commodities in the absence of any such export controls, the Secretary of Commerce shall appoint a technical advisory committee for any grouping of such materials or commodities to evaluate technical matters, licensing procedures, worldwide availability, and actual use of domestic production facilities and technology. Each such committee shall consist of representatives of United States industry and government. No person serving on any such committee who is representative of industry shall serve on such committee for more than two consecutive years. Nothing in this subsection shall prevent the Secretary from consulting, at any time, with any person representing industry or the general public regardless of whether such person is a member of a technical advisory committee. Members of the public shall be given a reasonable opportunity, pursuant to regulations prescribed by the Secretary of Commerce, to present evidence to such committees.

[(2)] *(3)* It shall be the duty and function of the technical advisory committees established under paragraph (1) to advise and assist the Secretary of Commerce and any other department, agency, or official of the Government of the United States to which the President has delegated power, authority, and discretion under section 4(d) with respect to actions designed to carry out the policy set forth in section 3 of this Act. Such committees shall be consulted with respect to questions involving technical matters, worldwide availability and actual utilization of production and technology, and licensing procedures which may affect the level of export controls applicable to any articles, materials, or supplies, including technical data or other information, and including those whose export is subject to multilateral controls undertaken with nations with which the United States has defense treaty commitments, for which the committees have expertise. Such committees shall also be consulted and kept fully informed of progress with respect to the investigation required by section 4(b) (2) of this Act. Nothing in this subsection shall prevent the Secretary from consulting, at any time, with any person representing industry or the general public regardless of whether such person is a member of a technical advisory committee. Members of the public shall be given a reasonable opportunity, pursuant to regulations prescribed by the Secretary of Commerce, to present evidence to such committees.

[(3)] *(4)* Upon request of any member of any [such committee] *committee established under paragraph (1) or (2)*, the Secretary may, if he determines it appropriate, reimburse such member for travel, subsistence, and other necessary expenses incurred by him in connection with his duties as a member.

[(4)] *(5)* Each [such committee] *committee established under paragraph (1) or (2)* shall elect a chairman, and shall meet at least every three months at the call of the Chairman, unless the Chairman determines, in consultation with the other members of the committee, that such a meeting is not necessary to achieve the purposes of this Act. Each such committee shall be terminated after a period of two years, unless extended by the Secretary for additional periods of two years. The Secretary shall consult each such committee with regard to such termination or extension of that committee.

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LUMBER AND LOGS

SEC. 10. (a) For each of the calendar years 1973 and 1974—

(1) not more than two billion five hundred million board feet (Scribner scale) of softwood logs may be sold for export from the United States; and

(2) not more than one billion board feet (lumber scale) of softwood lumber may be sold for export from the United States; unless the Secretary of Agriculture shall certify, within thirty days of the date of enactment of this section, that there shall be offered for sale from national forests not less than eleven billion eight hundred million board feet (local log scale) of softwood timber during each such calendar year.

(b) No unprocessed timber may be sold for export from the United States from Federal lands located west of the one hundredth meridian. Such limitation on exports shall stay in effect until the President determines that there is available for domestic use an adequate supply of softwood logs and lumber at reasonable price levels. Upon making such determination, the President may remove such limitation on a partial basis, up to an annual maximum of three hundred and fifty million board feet in the aggregate.

(c) After public hearing and a finding by the appropriate Secretary of the department administering Federal lands referred to in subsection (b) of this section that specific quantities and species of unprocessed timber are surplus to the needs of domestic users and processors, such quantities and species may be designated by the said Secretary as available for export from the United States in addition to that quantity permitted under subsection (b) of this section.

(d) The Secretaries of the departments administering lands referred to in subsection (a) of this section shall issue rules and regulations to carry out the purposes of this section, including the prevention of substitution of timber restricted from export by this section for exported non-Federal timber.

(*e*) *In issuing rules and regulations pursuant to subsection* (*d*) *of this section, the appropriate Secretaries may include therein provisions authorizing the said Secretaries, in their discretion, to exclude from the limitations imposed by this section sales having an appraised value of less than $2,000.*

QUARTERLY REPORT

SEC. [10.] *11.* The head of any department or agency, or other official exercising any functions under this Act, shall make a quarterly report, within 45 days after each quarter, to the President and to the Congress of his operations hereunder.

DEFINITION

SEC. [11.] *12.* The term "person" as used in this Act includes the singular and the plural and any individual, partnership, corporation, or other form of association, including any government or agency thereof.

EFFECTS ON OTHER ACTS

SEC. [12.] *13.* (a) The Act of February 15, 1936 (49 Stat. 1140), relating to the licensing of exports of tinplate scrap, is hereby superseded; but nothing contained in this Act shall be construed to modify, repeal, supersede, or otherwise affect the provisions of any other laws authorizing control over exports of any commodity.

(b) The authority granted to the President under this Act shall be exercised in such manner as to achieve effective coordination with the authority exercised under section 414 of the Mutual Security Act of 1954 (22 U.S.C. 1934).

EFFECTIVE DATE

SEC. [13.] *14.* (a) This Act takes effect upon the expiration of the Export Control Act of 1949.

(b) All outstanding delegations, rules, regulations, orders, licenses, or other forms of administrative action under the Export Control Act of 1949 or section 6 of the Act of July 2, 1940 (54 Stat. 714), shall, until amended or revoked, remain in full force and effect, the same as if promulgated under this Act.

TERMINATION DATE

SEC. [14.] *15.* The authority granted by this Act terminates on June 30, 1974, or upon any prior date which the Congress by concurrent resolution or the President by proclamation may designate.

SUPPLEMENTAL VIEWS TO H.R. 8547 OF CONGRESSMAN THOMAS L. ASHLEY AND CONGRESSWOMAN LEONOR K. SULLIVAN

The United States has a considerable demand for foundry castings and for steel to fill the needs of industry and new construction. This is self-evident when we consider the numerous castings, steel forging and steel shapes in automobiles, farm equipment, trucks, tractors, trains and construction equipment, as well as the reinforcing bars used in highways, bridges and buildings.

The domestic foundry industry relies almost entirely on cupola or the electric arc furnace processes, and a large segment of the steel industry relies on open hearth and electric arc furnaces for its supply of raw steel. All of these processes can use scrap iron or steel. The steel works that rely entirely on scrap for their raw material, often referred to as "cold metal shops", produce from 15 per cent to 20 per cent of the raw steel made in the United States. The "cold metal shops" include the so-called mini-mills, the medium-sized steel companies, and various operations of some of the largest steel corporations.

There was a very heavy domestic and export demand for scrap in 1969 and 1970, and as a result, scrap prices increased sharply, with the BLS scrap price index for 1970 rising to a level 39 per cent above the 1967 base. During 1972 and thus far into 1973, a similar heavy demand for scrap has developed and even intensified with the result that scrap prices have increased even more sharply during recent months. Scrap exports for the first quarter of this year were more than 28 per cent higher than those for the first quarter of 1970, a year in which scrap exports rose to the highest volume in more than a decade.

Demand for purchased ferrous scrap in 1973 has been projected at 55 million tons, including 43 million tons for domestic users and 12 million tons for export. In contrast, this combined demand over the past decade has not exceeded 46 million tons in any given year. The principal grade of scrap, for example, rose to more than $57 per ton on the Chicago market in May of this year compared to a price of less than $35 per ton a year earlier, and on the Pittsburgh market reached a price of $63 a ton in comparison to $39 in May 1972. Price increases of this magnitude increased the cost of operations of foundries and cold metal shops approximately $500 million. Ultimately, the American consumer pays for these increases.

The short supply conditions which resulted from the uncontrolled export of more than 9 million tons of ferrous scrap in 1969 and more than 10 million tons in 1970 were in large measure due to ineffective implementation of the Export Administration Act of 1969. The present concurrent surge in the domestic and foreign demand for ferrous scrap is one which is impinging even more heavily on price stability in the American economy.

The Export Administration Act of 1969 states that it is the policy of the United States to use export controls to the extent necessary to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal demand. Mr. Ashley was the floor manager for H.R. 4293, the bill which became the Export Administration Act. Each of us were managers on the part of the House in the Committee of Conference on the legislation which became the Export Administration Act of 1969. It is our view that the situation in recent months with respect to the uncontrolled export of ferrous scrap and the prospective imposition of export controls is one in which the policy criteria set forth in the 1969 act are met, and that the imposition of export constraints in recent months has been warranted.

THOMAS L. ASHLEY.
LEONOR K. SULLIVAN.

SUPPLEMENTAL VIEWS OF MR. FRENZEL ON H.R. 8547

H.R. 8547, the extension and expansion of the Export Administration Act, is a necessary piece of legislation, but it is not without flaws and deserves further comment.

1. The President asked for greater control of exports to curb serious inflation. The Committee, on a straight party-line vote, denied him the controls he wanted. The majority group expanded the President's powers but voted against "serious inflation as a reason for export control." The majority caucus was willing to protect us from abnormal foreign demand and scarcity but not from serious inflation.

2. The Cotter Amendment imposes a commodity price reporting duty on the Secretary of Commerce which he probably cannot carry out. He is required to get closing prices each Monday on a long list of food commodities for publication each Tuesday in the Federal Register. The Amendment will probably increase the employment of messengers between the Department of Agriculture and the Department of Commerce, and may cause employment of a few extra printers and surely will shuffle plenty of paper. There is considerable question as to whether the data can be prepared fast enough and accurately enough to meet the bill's requirements and whether such publication involves revelation of trade secrets. Whether or not there was any useful purpose for the Amendment was never made clear.

3. The bill contains a new section concerning export of softwood logs. As has been made clear in the transcript of hearings in both subcommittee and full committee, the principal purpose of this section is to give the Secretary of Agriculture an incentive to produce more of this timber to fill the obviously growing demand. The Committee is much more concerned with expanding supply than it is with restricting exports. It wanted to be sure that the supply is adequate to serve our local markets at reasonable prices and to carry on our export trade.

Controls are to be imposed if the Secretary of Agriculture offers for sale less than a specified amount of timber. The Subcommitee members particularly were nervous that appropriation difficulties or court actions might keep the Secretary from making the required offer for sale. However, we were assured by the Department of Agriculture that the Secretary could make the designated offerings, and it was our intention to encourage him to do so.

BILL FRENZEL.