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A BULLETIN ON EXCESS STOCKPILE MATERIALS FOR SALE BY THE UNITED STATES GOVERNMENT—**APRIL, MAY, JUNE**

June 1967

STOCKPILE MATERIALS FOR SALE

MERCURY

TIN

COLUMBIUM

TUNGSTEN

ZINC

NICKEL OXIDE

CHESTNUT VEGETABLE TANNIN

QUEBRACHO VEGETABLE TANNIN

WATTLE VEGETABLE TANNIN

MAGNESIUM

LEAD

GENERAL SERVICES ADMINISTRATION

GENERAL SERVICES ADMINISTRATION • DEFENSE MATERIALS SERVICE • 18TH & F STREETS, N.W. • WASHINGTON, D. C. 20405

INDEX

A complete listing of all excess commodities in stockpile inventories appears on the inside back cover of this bulletin.

A MESSAGE TO INDUSTRY

The Defense Materials Service of the General Services Administration has a wide range of excess metals, minerals, ores, rubber, and other industrial raw materials available for sale. In an effort to provide detailed information about these materials to prospective purchasers the first edition of the Stockpile Catalog was distributed in January of this year.

The broad interest shown by industry in the first edition soon depleted the supply. A second edition has now been completed. A greater number of materials are described for your information.

Further information is available about any of the materials in which you may have an interest. A prepaid postal reply card is included on page 31 for your convenience in obtaining further information. Telephone numbers are shown on the product pages in the catalog to make it easy for you to call a qualified person in the Defense Materials Service to discuss your interests in any of these materials.

Lawson B. Knott, Jr., Administrator
General Services Administration

MATERIALS IN THE GOVERNMENT STOCKPILE

The Defense Materials Service of the General Services Administration is responsible for managing and maintaining the national stockpile of strategic and critical materials, the supplemental stockpile, and the Defense Production Act inventory. GSA is also responsible for managing the inventory of strategic and critical materials acquired by the Commodity Credit Corporation through its barter program. These materials are periodically transferred to the supplemental stockpile.

As of the end of 1965 a total of approximately 52 million short tons of materials was in inventories in GSA custody. These materials are stored at 154 locations in 38 states. The acquisition cost of the inventories approximates $8 billion. The estimated current market value is approximately $7.8 billion. Of the total inventory approximately $3.7 billion, at current market value, is excess to the current requirements of the Government.

For the details about specific materials for sale, consult the pages of this catalog. A further listing of materials will be found on the inside back cover.

TUNGSTEN

DESCRIPTION: Ores and concentrates of both foreign and domestic origin, consisting of Wolframite, Ferberite, Hubnerite, and Natural and Synthetic Scheelite.

LOCATIONS: Various storage locations throughout the United States.

QUANTITY: Approximately 75,000,000 pounds (contained "W") of ores and concentrates, as described above, to be disposed of over a period of years. The quantities and timing are to be determined upon evaluation of earlier sales and current market conditions.

POTENTIAL USES: Tungsten ores and concentrates are used in the production of various tungsten materials, such as ferro-tungsten, tungsten carbide, tungsten metal, and chemicals. High grade tungsten ore and ferrotungsten are used as alloying materials for high speed and tool steel.

STORAGE: In burlap bags, cases, and steel drums of various sizes.

SALES TERMS: Will be sold "as-is", on a price per short ton unit of tungsten trioxide (WO_3). At the present time, GSA is offering approximately 5,000,000 pounds ("W" content) for sale on a shelf-item basis. The details of the sale are covered in the formal solicitation, DMS-ORES-63.

DELIVERY TERMS: Delivered f.o.b. carrier's conveyance at the storage locations.

Call (202) 343-5010 for further information on Tungsten.

Use the pre-paid postal reply card for further information

TIN

AVAILABILITY: Available in long tons at locations shown below.

QUANTITY: (In Long Tons)

Storage Locations	A	B	C	D
Anniston, Ala.	14,135	—	—	—
Baton Rouge, La.	476	1,709	2,584	—
Granite City, Ill.	4,896	—	—	—
Gulfport, Miss.	3,196	442	2,956	686
Hammond, Ind.	—	1,234	3,678	—
New Haven, Ind.	—	2,559	—	—
Pt. Pleasant, W. Va.	—	2,443	—	—

POTENTIAL USES: Tinplate, solder, bronze & brass, babbitt, bar tin, tin chemicals, tinning, collapsible tubes and foil.

PROPERTIES: An unusual combination of properties—low fusibility, malleability, resistance to corrosion and fatigue, and ability to alloy with other metals—accounts for the many uses of tin.

QUALITY: Purchased to the following typical specifications in 85-lb. pigs, but the Government makes no guarantee or warranty as to quality or conditions. Sales are made on an "as-is" basis.

		Percent by Weight			
		Grade A	Grade B	Grade C	Grade D
Tin	(min.)	99.80%	99.80%	99.65%	99.50%
Arsenic	(max.)	0.05	0.05		
Lead	(max.)	0.05			
Antimony	(max.)	0.04			
Copper	(max.)	0.04			
Iron	(max.)	0.015	Combined 0.015	Combined 0.35	Combined 0.50
Bismuth	(max.)	0.015			
Zinc	(max.)	0.005			
Cadmium	(max.)	0.001			
Sulfur	(max.)	0.01			
Nickel - Cobalt	(max.)	0.01			

SALES TERMS: By daily prices established by GSA with freight equalization to port of New York from Anniston, Ala., Baton Rouge, La., and Gulfport, Miss. Interested purchasers may obtain GSA prices after 12:30 p.m. daily by calling the GSA tin sales room at Washington, D. C. (202) 343-4941. Offers to purchase will be received between 12:30 p.m. and 3:30 p.m. each Federal business day Monday through Friday.

TIN—Continued

DELIVERY TERMS: Delivered f.o.b. customer's conveyance at the Government storage location. Purchasers may take delivery at any time during 60 days from date of sale without incurring any storage charges. Purchasers must make full payment for tin within 15 days after date of purchase.

GENERAL INFORMATION: For further information call J. R. Faulconer, (202) 343-4941, 4942, 4943, or 4944 between 8:45 a.m. and 5:15 p.m. on Federal business days, Monday through Friday. The pre-paid postal reply card in the back of this booklet may also be used.

Call (202) 343-4941 for further information on Tin.

Use the pre-paid postal reply card for further information

CHROMITE Metallurgical Grade

DESCRIPTION: Domestic concentrates produced from ore mined in the Mouat Mine, Stillwater County, Mont.

LOCATION: On Government stockpile site at Nye, Mont., approximately 45 miles S. W. of Columbus, Mont.

QUANTITY: Approximately 900,000 short dry tons of table concentrates.

POTENTIAL USES: Production of ferro-chromium (an alloying additive to steel) and chromium metal.

ANALYSIS: The weighted average assay for the entire pile is 38.54 percent Cr_2O_3. The weighted averages of certain other elements and screen sizes are:

	Percentages	Screen Size	% Retained
Fe	16.78	20	1.00
S_1O_2	6.66	35	24.00
Al_2O_3	15.70	48	45.00
MgO	15.25	65	62.00
CaO	.51	100	76.00
P	.011	200	92.00
S	.021		
Cr: Fe =	1.57:1		

STORAGE: Outside bulk storage in a single pile. One-third of the pile is covered with an asphaltic compound about ⅜" thick and the remaining two-thirds has been sprayed with No. 2 burner fuel.

SALES TERMS: Will be sold "as-is" and "where-is".

DELIVERY TERMS: The purchaser will be required to arrange for the out-loading and removal of the material at his expense.

FACILITIES AVAILABLE: Columbus, Mont., is on the main line of the Northern Pacific Railroad.

GENERAL INFORMATION: The Government will permit prospective buyer(s) to break the pile coverings in a limited number of places, to be determined by the Government, in order to obtain sample(s) not to exceed 2,000 pounds. There will be no charge for such sample(s).

Note: Other qualities and quantities of Metallurgical Grade Chromite are available.

Call (202) 343-5010 for further information on Chromite.

Use the pre-paid postal reply card for further information

MERCURY

LOCATION: U. S. Atomic Energy Commission, Oak Ridge, Tenn.

QUANTITY: Approximately 22,675 flasks.

POTENTIAL USES: Explosives and blasting caps, pharmaceuticals, chemicals, industrial and control instruments including thermometers and electrical apparatus, anti-fouling and other paints, tracer composition.

QUALITY: Not less than 99.9% purity.

STORAGE: Flasks are strapped together on flat wooden pallets, each pallet holding 25 flasks, each flask containing 76 pounds of mercury.

SALES TERMS: 1,500 flasks offered at regular sales on sealed bid basis under Invitation for Bids No. DMS-MET-107. Bid openings for the sale of this material held on the second Friday of each month. Minimum acceptable bid, one (1) flask. Maximum acceptable bid, 500 flasks. Mercury offered will be for domestic consumption or direct use in domestic plants and may not be exported in the form of metal.

DELIVERY TERMS: Delivered f.o.b. carrier's conveyance at the storage location.

Call (202) 343-2676 for further information on Mercury.

Use the pre-paid postal reply card for further information

ANTIMONY

AVAILABILITY: Available in the forms, quantities, and at Government storage locations shown below.

QUANTITY: (In Short Tons)

Storage Location	Grade A	Grade B	Grade C	Grade D	Sulfide Ore	Liquated
Mechanicsburg, Pa.	86	242	1,244	—	—	147
Crane, Ind.	—	1,075	—	—	—	182
Baton Rouge, La.	907	—	—	—	—	—
San Antonio, Tex.	657	942	—	—	—	—
Clearfield, Utah	—	240	—	—	—	—
Point Pleasant, W. Va.	22	1,696	4,217	—	—	64
New Bedford, Mass.	—	558	—	—	—	—
Somerville, N. J.	—	1,553	—	—	—	—
Bethlehem, Pa.	—	380	—	—	—	—
New Haven, Ind.	—	854	—	—	—	—
Belle Mead, N. J.	—	3,845	—	—	—	—
Curtis Bay, Md.	—	560	—	—	—	—
Rome, N. Y.	—	—	446	1,614	—	—
Romulus, N. Y.	—	—	—	—	304	—
Scotia, N. Y.	—	24	—	273	—	—
Ravenna, Ohio	—	—	—	—	1,867	—
Totals	1,672	11,969	5,907	1,887	2,171	393

Note: Authorized for sale—2,750 short tons.

POTENTIAL USES: In its metallic form as compounds, oxides, and salts; as an ingredient in many lead-base alloys; and in alloys of other metals. In its nonmetallic form (alloyed with lead) in battery grids, chemical pumps and pipes, cable sheathes, and roofing sheets.

ANTIMONY—Continued

QUALITY: Originally purchased to the following specifications, but the Government makes no guarantee or warranty as to quality or condition.

Chemical Composition

		Percent by Weight					
		Grade A	Grade B	Grade C	Grade D	Sulfide Ore	Liquated
Antimony (Sb)	(min.)	99.80%	99.50%	99.0 %	97.6 %	60.0 %	69.3 %
Arsenic (As)	(max.)	0.05	0.10	0.30	2.25 } Combined	0.50	—
Lead (Pb)	(max.)	0.15	0.20	—	— } Combined		0.15
Total Sulphur (S)	(min.)	—	—	—	—	—	23.0
Sulphur (S)	(max.)	0.10	0.10	—	—	—	—
Free Sulphur (S)	(max.)	—	—	—	—	—	0.25
Iron (Fe)	(max.)	—	—	—	—	—	1.30
Selenium (Se)	(max.)	0.001	0.001	—	—	—	—
Other elements, each Iron (Fe), Copper (Cu), Tin (Sn), Silver (Ag), Nickel (Ni)	(max.)	0.05	0.10	—	—	—	—
Insoluble Matter	(max.)	—	—	—	—	—	1.00
Acidity	(max.)	—	—	—	—	—	0.01
Moisture (H_2O)	(max.)	—	—	—	—	—	0.20
Combine Sulphur (S)	(min.)	—	—	—	—	—	22.00

SALES TERMS: Portions are offered on competitive sealed bid basis.

DELIVERY TERMS: Delivered f.o.b. customer's conveyance at the Government storage location. The Government will endeavor to deliver promptly upon receipt of shipping and document distribution instructions and the necessary commercial bills of lading. Deliveries earlier than 15 calendar days following receipt of shipping instructions and bills of lading cannot be assured.

Call (202) 343-8981 for further information on Antimony.

Use the pre-paid postal reply card for further information

LEAD

POTENTIAL USES: For storage batteries, tetraethyl lead, cable covering, paint pigments, building construction, ammunition, and various alloys, chiefly solder, bearing metals, and type metal.

QUALITY: Pig Lead, except antimonial lead, acquired by the Government to meet Specification B-29 of the American Society for Testing Materials. Antimonial lead acquired to meet National Stockpile Specification P-28, dated December 28, 1948, which established the following chemical requirement.

Antimony		10.70% to 11.30%	Nickel	(max.)	0.005%
Arsenic	(max.)	0.20	Iron	(max.)	0.01
Bismuth	(max.)	0.05	Silver	(max.)	0.03
Copper	(max.)	0.10	Sulphur	(max.)	.005
Tin		0.15 to 0.55	Lead		Balance

The Government will deliver material of the grade specified on purchase contract, but no warranty is made as to condition, minimum lead content, or maximum or minimum impurities. Sales are made on an "as-is" basis.

SALES TERMS: Prices per pound f.o.b. storage location (subject to post-delivery adjustment up to ½ cent additional charge). Prices are subject to increases or decreases commensurate with changes from 16.00 cents per pound, New York, for corroding lead.

Corroding Lead	15.50¢
Chemical Lead	15.60
Common Desilverized A	15.50
Common Desilverized, and Common Lead	15.50
Antimonial Lead	17.90

DELIVERY: Delivered f.o.b. customer's conveyance at the Government storage location. The Government will endeavor to deliver promptly upon receipt of shipping and document distribution instructions and the necessary commercial bills of lading. Deliveries earlier than 15 calendar days following receipt of shipping instructions and bills of lading cannot be assured.

AVAILABILITY: A total of 97,945 short tons are available for sale in the forms and at Government storage locations as shown.

LEAD—Continued

QUANTITY: (In Short Tons)

Storage Locations	Corroding	Chemical	Common Desilverized	Common Desilverized A	Common A	Antimonial
Davisville, R. I.	43,910	—	—	3,939	—	—
New Bedford, Mass.	772	—	—	—	—	—
Belle Mead, N. J.	50,189	—	276	112	—	—
Somerville, N. J.	47,219	7,670	—	15,089	—	—
Rome, N. Y.	8,854	—	—	1,066	—	—
Voorheesville, N. Y.	24,517	—	—	—	—	—
Bethlehem, Pa.	5,702	—	—	2,768	554	—
Chambersburg, Pa.	22,947	1,000	2,353	198	—	—
Marietta, Pa.	20,099	4,650	—	—	—	—
Mechanicsburg, Pa.	104,599	906	—	8,841	692	884
Curtis Bay, Md.	29,604	2,440	8,448	—	1,000	—
East Point, Ga.	14,777	2,040	—	543	—	—
Granite City, Ill.	29,077	19,236	—	1,847	—	—
Crane, Ind.	7,956	1,559	—	3,952	—	—
New Haven, Ind.	68,530	19,435	—	12,605	—	4,825
Hammond, Ind.	122,272	39,233	—	357	—	—
Marion, Ohio	608	1,288	—	—	—	—
Sharonville, Ohio	5,148	—	—	—	—	—
Warren, Ohio	56,108	518	—	221	—	—
Hastings, Neb.	8,247	—	—	418	—	3,108
Olathe, Kan.	29,466	—	—	8,460	—	—
Ravenna, Ohio	—	84	—	—	—	—
New Brighton, Minn.	9,394	—	—	5,147	—	—
Baton Rouge, La.	165,230	960	—	8,691	—	—
Fort Worth, Tex.	30,066	3,558	—	6,929	—	—
Bell, Calif.	17,008	—	—	1,069	10	—
Mira Loma, Calif.	3,340	—	—	—	—	—
Tracy, Calif.	49,520	—	—	—	—	—
Stockton, Calif.	26,707	—	—	574	210	1,964
Hermiston, Ore.	60,825	—	—	—	—	—
Total	1,062,691	104,577	11,077	82,826	2,466	10,781

Call (202) 343-8981 for further information on Lead.

Use the pre-paid postal reply card for further information

MAGNESIUM Primary Grade A & Alloys

AVAILABILITY: Approximately 21,500 short tons of magnesium grade A and magnesium alloy are available for sale at the Government storage locations shown below.

QUANTITY:

Storage Location	Short Tons	Type
Edgewood Arsenal, Edgewood, Md.	552	Alloy grade 2
Seneca Army Depot, Romulus, N. Y.	6	Alloy grade 4
	34	Alloy grade 17
	4	Alloy mixed
	11,076	Primary grade A
Pine Bluff Arsenal, Arsenal, Ark.	35	Alloy grade 2
	117	Alloy grade 4
	28	Alloy grade 17
	700	Primary grade A
GSA-DMS Sharonville Depot, Sharonville, Ohio	889	Alloy grade 4
	201	Alloy grade 17
	2,908	Primary grade A
Ravenna Army Ammunition Plant, Ravenna, Ohio	1,070	Alloy grade 4
	300	Alloy grade 17
	308	Alloy various
	4	Alloy incendiary bomb
Erie Ordnance Depot, Port Clinton (La Carne), Ohio	85	Alloy grade 4
	18	Alloy grade 17
Kelly Air Force Base, San Antonio, Tex.	110	Alloy grade 4
	159	Alloy grade 17
Rocky Mountain Arsenal, Denver, Colo.	2,730	Alloy grade 2
GSA-DMS Somerville Depot, Royce, N. J.	151	Primary grade A
Erie Army Depot, La Carne, Ohio	15	Primary grade A

NOTE: Alloy grade 2 is incendiary bomb alloy
Alloy grade 4 conforms ASTM: B93-59 alloy AZ 63 A
Alloy grade 17 conforms ASTM: B93-59 alloy AZ 92 A

POTENTIAL USES: Structural products used in aircraft, missiles, consumer products, machinery, tools, and equipment; reducing agent for production of titanium, zirconium, hafnium, uranium, and beryllium; treatment of molten cast iron to produce ductile iron; and as an alloying agent for aluminum and magnesium alloys replacing heavier metals.

MAGNESIUM—Continued

QUALITY:

Primary Magnesium Grade A—Composition in percentage by weight

Copper	(max.)	0.02%	Lead	(max.)	0.01%
Manganese	(max.)	0.15	Nickel	(max.)	0.001
Tin	(max.)	0.01	Silicon	(max.)	0.00
Impurities not listed each	(max.)	0.05	Iron	(max.)	0.05
Total impurities	(max.)	0.20			
Magnesium	(min.)	99.80			

Magnesium Alloys—Composition in percentage by weight

	Alloy Grade 2	Alloy Grade 4	Alloy Grade 17
Copper	—	0.20%	0.20%
Manganese	0.15% to 0.40%	0.18	0.13
Nickel	—	0.01	0.01
Silicon	—	0.20	0.20
Aluminum	3.5 to 5.0	5.5 to 6.5	8.5 to 9.5
Zinc	0.20 to 0.50	2.7 to 3.3	1.7 to 2.3
Other	—	0.3	0.3
Iron, Lead, Silicon & Copper	0.3	—	—
Magnesium	Remainder	Remainder	Remainder

The foregoing composition percentages were compiled from GSA records and are believed to be correct but no warranties are made as to chemical analysis or physical condition of ingots. Sales are made on an "as-is" basis.

STORAGE:

Magnesium primary grade A and alloy grades 2, 4, and 17 are in standard ingot form, each weighing appoximately 20 pounds (will be shipped loose).

SALES TERMS:

Offered on competitive sealed bid basis, approximately every 55 days, or as shelf items at prices to be established by GSA.

DELIVERY TERMS:

Delivered f.o.b. customer's conveyance at the Government storage location. The Government endeavors to deliver promptly upon receipt of shipping and document distribution instructions and the necessary bills of lading, following notice of award by the Government. Deliveries earlier than 15 calendar days following receipt of shipping instructions and bills of lading cannot be assured.

Call (202) 343-8981 for further information on Magnesium.

Use the pre-paid postal reply card for further information

ZINC

POTENTIAL USES: Coating on steel and iron principally by the hot-dip galvanizing process and in production of alloys, pigments, zinc dust, and salts.

ANALYSIS: Grades of zinc available for sale are:

SHG—Special High
HG—High Grade
I—Intermediate Grade
BS—Brass Special Grade
S—Selected Grade
PW—Prime Western Grade

QUALITY: Acquired by the Government to meet Specification B-6 of the American Society for Testing Materials, but the Government makes no guarantee or warranty as to quality or condition.

SALES TERMS: Sales are on an "as-is" basis.

Grade	Price Per lb. f.o.b. Storage Location
Special High	15.25¢
High	15.35
Intermediate	14.95
Brass Special	14.70
Selected	14.55
Prime Western	14.50

Prices are subject to post-delivery adjustment up to ½ cent additional charge for Special High Grade and ¼ cent charge for all other grades. Prices are subject to increases or decreases commensurate with published market price for grade.

DELIVERY TERMS: Delivered f.o.b. customer's conveyance at the Government storage location. The Government will endeavor to deliver promptly upon receipt of shipping and document distribution instructions and the necessary commercial bills of lading. Deliveries earlier than 15 calendar days following receipt of shipping instructions and bills of lading cannot be assured.

AVAILABILITY: A total of 114,670 short tons of zinc are offered for sale in the following grades and at the Government locations shown.

ZINC—Continued

QUANTITY: (In Short Tons)

Locations	SHG	Special*	HG	INT.	BS	S	PW
				Grades			
Davisville, R. I.	471	—	392	—	222	—	9,781
New Bedford, Mass.	1,647	—	7,866	—	—	—	1,136
Schenectady, N. Y.	—	817	92,039	1,727	1,507	—	8,143
Romulus, N. Y.	—	—	—	—	—	—	3,588
Scotia, N. Y.	—	—	21,769	—	8,119	—	1,588
Somerville, N. J.	—	—	52,944	260	1,966	—	41,619
Belle Mead, N. J.	155	2,124	7,569	—	—	—	2,191
Chambersburg, Pa.	—	1,088	22,044	—	—	—	32,841
Mechanicsburg, Pa.	—	—	3,459	—	—	—	7,782
Marietta, Pa.	—	—	20,582	—	—	—	19,280
Bethlehem, Pa.	—	—	3,521	—	31	—	—
Curtis Bay, Md.	65	330	5,250	—	—	—	4,165
Pt. Pleasant, W. Va.	13	—	25,024	12,666	4,106	—	32,705
Warren, Ohio	—	—	40,212	2,812	569	—	12,876
Ravenna, Ohio	—	—	75	—	—	—	—
Marion, Ohio	—	—	6,130	314	—	—	1,081
Columbus, Ohio	2	—	68,798	1,100	—	—	737
Cincinnati, Ohio	—	—	33,078	999	1,400	830	30,908
New Haven, Ind.	—	—	153,645	1,624	3,901	—	7,758
Hammond, Ind.	—	—	19,670	—	1,981	—	5,374
Granite City, Ill.	16,608	2,000	67,125	2,302	16,342	500	38,188
Savanna, Ill.	—	20,540	81,914	3,396	6,452	204	30,015
New Brighton, Minn.	3,019	—	—	—	—	—	—
Olathe, Kan.	—	—	910	—	—	—	—
Redstone, Ala.	4,900	200	4,277	—	1,255	—	20,085
Clearfield, Utah	1,923	—	2,005	—	—	—	—
Hermiston, Ore.	4,693	—	—	—	—	—	—
Mira Loma, Calif.	—	—	6,517	—	—	—	3,444
Bell, Calif.	—	—	14,994	—	—	—	—
Tracy, Calif.	11,063	—	8,754	—	—	—	—
Stockton, Calif.	2,649	—	73	—	—	—	—
TOTAL	47,208	27,099	770,636	27,200	47,851	1,534	315,285

* Zinc listed under column marked Special was placed into the stockpile as High Grade Zinc. At the time of purchase it met the chemical requirements for Special High Grade Zinc (A.S.T.M. B6-46). With concurrence of the buyer this zinc will be sold as Special High Grade. A copy of the analyses will be furnished to the purchaser upon request.

Call (202) 343-8981 for further information on Zinc.

Use the pre-paid postal reply card for further information

COLEMANITE

DESCRIPTION: A mineral of Turkish origin.

LOCATION: Government stockpile site at the GSA/DMS Depot, Curtis Bay, Md.

QUANTITY: 67,600 long dry tons.

POTENTIAL USES: Glass and ceramics, in the production of boric acid, as a flux and deoxidizer in metallurgy, as an additive to fertilizer, and in the production of various boron compounds.

QUALITY: Natural, in bulk, coarse to fine.

PILE NO.	WEIGHT—LBS.	ANALYSES B_2O_3	CaO	Na_2O
29	10,762,860	41.26%	35.56%	0.50%
29-A	13,277,400	39.50	29.60	0.35
29-B	7,375,100	40.37	31.09	0.07
29-C	6,034,580	41.23	31.09	0.14
29-D	2,949,520	46.00	29.64	0.05
29-E	3,073,100	42.72	38.01	1.10
103	100,846,000	41.91	27.57	Nil
106	13,206,680	42.47	28.47	0.13

STORAGE: Bulk, outside storage.

SALES TERMS: Will be sold "as-is". Bids may be submitted for all or part of the quantities in each pile; however, awards may be made for a minimum of 50 short tons.

DELIVERY TERMS: The Government agrees to load the material which is available for immediate delivery f.o.b. open-top railroad cars or open-top trucks at the stockpile site.

FACILITIES AVAILABLE: Served by B & O Railroad.

Call (202) 343-2676 for further information on Colemanite.

Use the pre-paid postal reply card for further information

NATURAL GRAPHITE

DESCRIPTION: Natural graphite of Malagasy and domestic origin.

LOCATIONS: Storage depots at Romulus (Kendaia), N. Y.; Scotia, N. Y.; and Mechanicsburg, Pa.

QUANTITY: 2,009 short dry tons stockpile quality of Domestic Crystalline Small Flakes (Lubricant Grade) and 16,586 short dry tons of Malagasy, crystalline stockpile grade graphite.

POTENTIAL USES: The manufacture of crucibles, retorts, sleeves, nozzles, asbestos packing, stoppers, and foundry facings, and as a lubricant.

QUALITY: Material is stockpile quality graphite in the form of flakes and fines.

STORAGE: Malagasy Graphite in bags; domestic graphite in 55-gallon steel drums.

SALES TERMS: Material will be sold "as-is" on a "price for the lot" basis.

DELIVERY TERMS: Delivered f.o.b. carrier's conveyance at the storage depots.

Call (202) 343-2785 for further information on Graphite.

Use the pre-paid postal reply card for further information

MANGANESE ORE

Metallurgical Grade *(Wendon, Ariz.)*

DESCRIPTION: Metallurgical grade manganese ore of domestic origin.

LOCATION: On Government stockpile site at Wendon, Ariz.

QUANTITY: Approximately 18,200 short tons of fines and sinter in two identifiable piles and approximately 373,500 short tons in the form of lumps, fines and concentrates, of which about 80 percent is in one pile and the remaining 20 percent is distributed in 100 or more small piles each containing 50 to 100 tons.

POTENTIAL USES: As a deoxidizer and desulphurizer in the production of steel and for the production of alloys such as ferromanganese and silicomanganese and of manganese metal.

ANALYSIS:

	(1)	(2)
Mn	44.06	22.54
Fe	2.37	4.00
$S_1O_2 + Al_2O_3$	13.08	40.00
P	Not Available	0.20
Cu + Pb + Zn	0.23	0.90

SALES TERMS: Will be sold "as-is" and "where-is", on a price for the pile basis.

DELIVERY TERMS: The purchaser will be required to arrange for the outloading and removal of the material, with no outweighing to be performed or paid for by the Government.

FACILITIES AVAILABLE: The stockpile site at Wendon, Ariz., is served by The Atchison, Topeka & Santa Fe Railway Company.

Note: Other qualities and quantities of Metallurgical Grade Manganese Ore are available.

Call (202) 343-5010 for further information on Manganese Ore.

Use the pre-paid postal reply card for further information

MANGANESE ORE

Metallurgical Grade *(Butte, Mont.)*

DESCRIPTION: Manganese oxide and mixed manganese oxide and carbonate ore.

LOCATION: Government stockpile site at Butte, Mont., just west of the city limits.

QUANTITY: 215,000 long dry tons (approximately).

POTENTIAL USES: Metallurgical grade manganese ore is used as a deoxidizer and desulphurizer in the production of steel and for the production of alloys such as ferromanganese and silicomanganese and of manganese metal.

ANALYSIS: The material ranges in manganese content up to 45.2%, and has the following weighted average analysis:

Mn	—	23.48%	CaO	—	4.90
Fe	—	2.70	P	—	0.08
SiO_2	—	34.90	Cu+Pb+Zn	—	0.79
Al_2O_3	—	2.20			

This typical analysis is believed to be correct, but the Government does not guarantee or warrant its correctness.

STORAGE: The material is stored in 210 separate piles, each marked and identified with a pile marker.

SALES TERMS: Material will be sold, "as-is" and "where-is", on a "price-for-the-lot" basis.

DELIVERY TERMS: The purchaser will be required to arrange for the outloading and removal of the material, with no outweighing to be performed or paid for by the Government.

FACILITIES AVAILABLE: The stockpile site at Butte, Mont., is just west of the city limits. The stockpile is served by two spur tracks of the Chicago, Milwaukee, St. Paul and Pacific Railroad.

The piles of manganese ore are also close to transfer tracks of the Northern Pacific Railroad. Access roads for truck hauling are also available and two main highways, also near the stockpile site.

GENERAL INFORMATION: The chemical analysis and weight of each pile as obtained at the time of purchase are available for examination at:

1. Regional office, Defense Materials Service, General Services Administration, Building 41, Denver Federal Center, Denver, Colo.
2. Domestic Manganese and Development Corp., Butte, Mont.
3. Defense Materials Service, General Services Administration, Materials Division, 18th and F Streets, N.W., Washington, D. C. 20405.

Note: Other qualities and quantities of Metallurgical Grade Manganese Ore are available.

Call (202) 343-5010 for further information on Manganese Ore.

Use the pre-paid postal reply card for further information

MANGANESE ORE

Metallurgical Grade *(Deming, N. M.)*

DESCRIPTION: Metallurgical grade manganese ore of domestic origin.

LOCATION: Government stockpile site at Deming, N. M.

QUANTITY: 297,800 short dry tons (approximately) in 725 separate piles. Approximately 208,500 tons are in eleven piles containing from 6,000 to 30,000 tons. The remaining 89,300 tons are in about 700 small piles.

POTENTIAL USES: As a deoxidizer and desulphurizer in the production of steel and for the production of alloys such as ferromanganese and silicomanganese and of manganese metal.

ANALYSIS: The weighted average analysis of the manganese content of the various piles ranges from 15.0 to 50.5 percent.

Mn	26.49
Fe	4.50
$S_1O_2+Al_2O_3$	31.98
P	0.20
Cu+Pb+Zn	0.85

SALES TERMS: Will be sold "as-is" and "where-is", on a price for the pile basis.

DELIVERY TERMS: The purchaser will be required to arrange for the outloading and removal of the material, with no outweighing to be performed or paid for by the Government.

FACILITIES AVAILABLE: The stockpile site near Deming, N. M., is served by The Atchison, Topeka & Santa Fe Railway Company.

GENERAL INFORMATION: The chemical analysis and weight of each pile, as obtained at the time of purchase, are available for examination at:
Regional office, Defense Materials Service, GSA, Building 41, Denver Federal Center, Denver, Colo., and Defense Materials Service, GSA, Materials Division, 18th and F Streets, N.W., Washington, D. C. 20405.

Note: Other qualities and quantities of Metallurgical Grade Manganese Ores are available.

Call (202) 343-5010 for further information on Manganese Ore.

Use the pre-paid postal reply card for further information

TALC Block and Lump

DESCRIPTION: Block and lump steatite talc of Indian, Italian and domestic origin.

LOCATIONS: Government stockpile sites at Somerville, N. J.; Scotia, N. Y.; Mechanicsburg, Pa.; Crane, Ind.; and La Carne, Ohio.

QUANTITY: 1,049 short tons.

POTENTIAL USES: Electronic tube spacers and insulators for vacuum power tubes.

QUALITY: Material is of such quality texture, and other properties, as to render it suitable for use as electronic tube spacers and bushings.

STORAGE: Each piece weighing 1 to 2 pounds and 2 pounds and over is wrapped in burlap or in several layers of paper and is packaged in bags or boxes.

SALES TERMS: The minimum quantity on which awards will be made is 1,000 pounds.

DELIVERY TERMS: Delivered f.o.b. carrier's conveyance at Government storage locations.

Call (202) 343-2785 for further information on Talc.

Use the pre-paid postal reply card for further information

NICKEL OXIDE Powder & Sinter

AVAILABILITY: Available at Government storage locations shown below.

QUANTITY: (In Short Tons)

Storage Location	Nickel plus Cobalt (contained) Oxide Powder	Nickel plus Cobalt (contained) Nickel Oxide Sinter
Somerville, N. J.	—	2,787
Chambersburg, Pa.	2,710	—
Mechanicsburg, Pa.	1,161	—
Romulus, N. Y.	4,419	3,817
Rome, N. Y.	1,642	—
Ravenna, Ohio	2,527	—
Pt. Pleasant, W. Va.	3,950	—
Warren, Ohio	190	2,006
New Haven, Ind.	1,098	—
Hammond, Ind.	1,267	—
Total	18,964	8,610

Authorizations have been received for the sale of approximately 15,500 short tons of nickel plus cobalt contained in nickel oxide powder and/or nickel oxide sinter.

POTENTIAL USES: Alloying addition to steels (sintered or unsintered), in sintered form may be used for filtering and purifying concentrated alkaline solutions, manufacture of proximity fuses, powder metallurgical applications, manufacture of chemicals, production of undercoats of enamel on steel, and coloring glazes on pottery.

QUALITY: Purchased to the following specifications, but the Government makes no guarantee or warranty as to quality or conditions.

		Percent by Weight	
		Nickel Oxide	Nickel Oxide Sinter
Nickel plus Cobalt	(min.)	76.50%	76.50 to 90.00%[1]
Cobalt	(max.)	1.00	1.10
Iron	(max.)	0.50	3.00
Sulphur	(max.)	0.05	0.08
Carbon	(max.)	0.10	0.10
Copper	(max.)	0.30	0.30

[1] When nickel plus cobalt content of nickel oxide sinter exceeds the minimum requirements, the cobalt, iron, sulphur, carbon, and copper may increase proportionately.

NICKEL OXIDE POWDER & SINTER—Continued

STORAGE: Each bag or 5-gallon pail of nickel oxide powder contains 50 pounds of nickel plus cobalt. Some bagged material is packaged in metal drums containing 4 or 5 bags per drum, each having the weight of the contained nickel plus cobalt stenciled thereon. Nickel oxide sinter is packed in bags of 65 pounds gross weight. Contained nickel plus cobalt ranges from 76.5 to above 90.0 percent.

SALES TERMS: By negotiated contracts on solicitation of offers to be announced or on a "sealed-bid" basis.

DELIVERY TERMS: Delivered f.o.b. customer's conveyance at the Government storage location. The Government endeavors to deliver promptly upon receipt of shipping and document distribution instructions and the necessary commercial bills of lading, following notice of award by the Government. Deliveries earlier than 15 calendar days following receipt of shipping instructions and bills of lading cannot be assured.

Call (202) 343-8981 for further information on Nickel Oxide.

Use the pre-paid postal reply card for further information

COLUMBIUM

DESCRIPTION: Ores and concentrates of foreign origin.

LOCATIONS: Buffalo, N. Y.; Schenectady, N. Y.; Kendaia (Romulus), N. Y.; New Haven, Ind.; Warren, Ohio; Hammond, Ind.; and Granite City, Ill.

QUANTITY: 7,900,000 pounds (Cb Content) of ores and concentrates to be disposed of over a period of years. The quantities and timing to be determined upon evaluation of earlier sales and current market conditions.

QUALITY: All but about 76,153 pounds is classified as stockpile grade.

POTENTIAL USES: To produce ferrocolumbium, ferrotantalum-columbium or columbium metal, and high-temperature, nonferrous alloys (columbium carbide in cutting tools). The ferroalloys are the forms used to introduce columbium into steel alloys, primarily to stabilize the carbon content.

STORAGE: In burlap bags, and 15, 30, or 55 gallon capacity steel drums.

SALES TERMS: Will be sold "as-is", on a price per pound of Cb_2O_5 plus Ta_2O_5, on a sealed-bid basis.

DELIVERY TERMS: Delivered f.o.b. carrier's conveyance at the storage locations.

Call (202) 343-5010 for further information on Columbium.

Use the pre-paid postal reply card for further information

CASTOR OIL

DESCRIPTION: A viscous, pale-yellowish or colorless oil (transparent).

LOCATIONS: Somerville, N. J., and Hammond, Ind.

QUANTITY: 100,890,000 pounds.

POTENTIAL USES: Used in manufacturing paints, varnishes, linoleum, printing ink, soap, lubricants, greases, hydraulic brake fluid, synthetic resins, textiles, and in the chemical industry.

ANALYSIS:

Grade 1	Grade 3
Color (Gardner Scale) 1-3	Color (Gardner Scale) 4-8
Neutralization No. 1-3	Neutralization No. 4-12

STORAGE: Stored in tanks that contain from 336,000 pounds to 3,000,000 pounds.

SALES TERMS: Will be sold by competitive, sealed bids on an "as-is" basis, f.o.b. conveyance of carrier at tank locations.

FACILITIES AVAILABLE: Somerville is served by the Lehigh Valley and Central of New Jersey Railroads, and Hammond by the Indiana Harbor Belt Railroad.

GENERAL INFORMATION: Bid invitations are issued periodically to those on our mailing lists.

Call (202) 343-3037 for further information on Castor Oil.

Use the pre-paid postal reply card for further information

VEGETABLE TANNIN

Chestnut

DESCRIPTION: Solid and powdered extract from the wood of the chestnut tree.

LOCATIONS: Davisville, R. I.; Binghamton, N. Y.; Kendaia, N. Y.; Scotia, N. Y.; Bethlehem, Pa.; Culbertson, Pa.; Warren, Ohio; Sharonville, Ohio; and Hammond, Ind.

QUANTITY: 12,425 Long Tons (Powdered) and 6,147 Long Tons (Solid).

ANALYSIS:

Powdered: Tannin Content: a minimum of 56% to 63%
Moisture Content: a maximum of 10%
Copper Content: 1%-4%

Solid: Tannin Content: a minimum of 60%
Moisture Content: a maximum of 18%
Copper Content: 1%-4%

STORAGE: In single or double burlap bags; the powdered form also has an inner paper lining. Average weights of bags: Powdered 108.6 lbs., Solid 108.1 lbs.

SALES TERMS: Sold on a shelf-item basis.

DELIVERY TERMS: Shipment is accomplished freight equalized on an f.o.b. destination, freight collect basis except for export material which is sold f.a.s. vessel, port of export.

GENERAL INFORMATION: Prices are periodically furnished to the industry by notices issued by GSA. The minimum amount of sale is usually one carload, or 25 Long Tons. Gross weighing will be accomplished at the Government's option and expense.

Call (202) 343-3037 for further information on Vegetable Tannin, Chestnut.

Use the pre-paid postal reply card for further information

VEGETABLE TANNIN

Quebracho

DESCRIPTION: Solid extract from the wood of the quebracho tree.

LOCATIONS: Davisville, R. I.; Somerville, N. J.; Scotia, N. Y.; Kendaia, N. Y.; Culbertson, Pa.; Point Pleasant, W. Va.; Richmond, Ky.; Warren, Ohio; Sharonville, Ohio; Hammond, Ind.; Bellemont, Ariz.; Mira Loma, Calif.; and Clearfield, Utah.

QUANTITY: 111,461 Long Tons.

ANALYSIS: Tannin Content: a minimum of 63%
Moisture Content: a maximum of 18%

STORAGE: In single or double burlap bags of approximately 105 lbs. each.

SALES TERMS: Sold on a shelf-item basis.

DELIVERY TERMS: Shipment is accomplished freight equalized on an f.o.b. destination, freight collect basis, except for export material, which is sold f.a.s. vessel, port of export.

GENERAL INFORMATION: Prices are periodically furnished to the industry by notices issued by GSA. The minimum amount of sale is usually one carload, or 25 Long Tons. Gross weighing will be accomplished at the Government's option and expense.

Call (202) 343-3037 for further information on Vegetable Tannin, Quebracho.

Use the pre-paid postal reply card for further information

VEGETABLE TANNIN

Wattle

DESCRIPTION: Solid extract from the bark of the wattle tree.

LOCATIONS: Davisville, R. I.; Kendaia, N. Y.; Culbertson, Pa.; Warren, Ohio; Sharonville, Ohio; and Hammond, Ind.

QUANTITY: 23,990 Long Tons.

ANALYSIS: Tannin Content: a minimum of 60%
Moisture Content: a maximum of 18%

STORAGE: In single or double burlap bags of approximately 104 lbs. each.

SALES TERMS: Sold on a shelf-item basis.

DELIVERY TERMS: Shipment is accomplished freight equalized on an f.o.b. destination, freight collect basis except for export material which is sold f.a.s. vessel, port of export.

GENERAL INFORMATION: Prices are periodically furnished to the industry by notices issued by GSA. The minimum amount of sale is usually one carload, or 25 Long Tons. Gross weighing will be accomplished at the Government's option and expense.

Call (202) 343-3037 for further information on Vegetable Tannin, Wattle.

Use the pre-paid postal reply card for further information

QUARTZ CRYSTALS

DESCRIPTION: Faced and unfaced raw quartz crystals.

LOCATIONS: Government stockpile sites in New Jersey, New York, Pennsylvania, Indiana, Kentucky, Ohio, and Kansas.

QUANTITY: Approximately 4,388,500 pounds of stockpile grade and 467,800 pounds of nonstockpile grade crystals.

POTENTIAL USES: Civilian and military radio and communications and optical purposes.

QUALITY: Grades 1 and 2 in weight classes from 100-200 grams to 10,000 grams and over.

STORAGE: Crystals are packed in wooden boxes and marked to indicate contents, weight class, grade, percentage limits of usability, and facing.

SALES TERMS: Will be sold by the box, f.o.b. carrier's conveyance at the storage depots.

DELIVERY TERMS: Available for immediate pickup or delivery to carrier's conveyance.

Call (202) 343-2785 for further information on Quartz Crystals.

Use the pre-paid postal reply card for further information

ASBESTOS Chrysotile

DESCRIPTION:	Arizona Chrysotile, Crude Nos. 1 and 2.
LOCATION:	Government stockpile site at GSA/DMS Casad Depot, New Haven, Ind.
QUANTITY:	Approximately 688 short tons of Crude No. 1 and 811 short tons of Crude No. 2.
POTENTIAL USES:	Industrial filter fibers and in the manufacture of textiles, cements, and tiles.
QUALITY:	Crude No. 1 is basically composed of staple 85% by weight, approximately ¾ inch or longer, and Crude No. 2 approximately ⅜ inch or longer.
STORAGE:	In burlap bags containing approximately 100 net pounds each.
SALES TERMS:	Minimum acceptable bid, 50 short tons.
DELIVERY TERMS:	Delivered f.o.b. carrier's conveyance at the storage location.
FACILITIES AVAILABLE:	Served by Norfolk & Western Railroad.

Call (202) 343-2785 for further information on Asbestos Chrysotile.

Use the pre-paid postal reply card for further information

ASBESTOS Chrysotile

DESCRIPTION: Arizona Chrysotile, Crude No. 3.

LOCATION: Government stockpile site at GSA/DMS Casad Depot, New Haven, Ind.

QUANTITY: Approximately 849.59 short tons.

POTENTIAL USES: Because of its usual low iron content, this chrysotile asbestos may be used for electrical insulation and filter fibers when this short-fiber type of asbestos permits; in the manufacture of asbestos cement products and in the production of pipes, flat or corrugated sheets, shingles, electrical panels, millboard, and roofing felts; in the production of asphalt and vinyl floor tiles, asbestos papers used for electrolytic cells or diaphragms, wicks, pipe coverings, laminated boards and insulating jackets; and when woven with fine metallic wires, it may be made into brake linings.

QUALITY: This nonferrous chrysotile asbestos, soft and semisoft, is basically composed of staple ¼ inch or longer; 85 percent by weight ¼ inch or longer. Generally it has a low magnetic rating, its resistance is good to alkalies, and is white to greenish in color.

STORAGE: In burlap bags.

SALES TERMS: Material will be sold "as-is" and consists of 19 separate items. Quantities for each item shall be bid on in their entirety except for three items ranging in quantities from approximately 168 to 227 short tons, on which minimum bids shall be for 50 short tons. The other items range from .05 to 55.71 short tons.

DELIVERY TERMS: The Government agrees to load the material which is available for immediate delivery, f.o.b. carrier's conveyance at the storage location.

FACILITIES AVAILABLE: Served by Norfolk & Western Railroad.

Call (202) 343-2785 for further information on Asbestos Chrysotile.

Use the pre-paid postal reply card for further information

TO SERVE YOU BETTER...

Advice and assistance are available from GSA commodity specialists. If, after receiving a bid invitation, you have questions regarding the stockpile commodity, please contact us either by telephone at the number shown for the specific commodity or by mail at the following address:

General Services Administration
Defense Materials Service
18th & F Streets, N.W.
Washington, D. C. 20405

List the commodities that are of interest to you for bidding. Defense Materials Service will immediately forward the necessary bid invitations and other pertinent information, as available.

If you know of other businesses that would be interested in bidding on any stockpile commodity, please notify us at the above address. The information will be immediately forwarded to them.

☐ Send me bid invitations for the following stockpile commodities:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

Name _____

Position _____

Company and Division _____

Address _____

City _____ State _____ Zip Code _____

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Diamond dies, small

Fluorspar

Hyoscine

Mica

Nickel, ferro

Rubber

Shellac

Thorium-bearing materials

Titanium sponge

Yttrium

Zirconium-bearing materials

Use the pre-paid postal reply card for further information

MANGANESE

COLEMANITE

QUARTZ

GRAPHITE

CASTOR OIL

GENERAL SERVICES ADMINISTRATION

CHROMITE

TALC

ANTIMONY

ASBESTOS

EXECUTIVE (6)

CM/Copper
ND4-3
PU2-2

AMERICAN METAL MARKET August 1, 1967

U.S. Readies, Then Shelves New Copper Controls

LE/LA

8/1/67

FOR JOE CALIFANO

FROM: Stan Ross

This article on copper appeared in the Trade Press today. It confirms your suspicion that the industry will be pressing for a Taft-Hartley.

Brass Mills May Face Inventory Controls

By Ed Taishoff
Metal Market Staff Writer

WASHINGTON—Government officials are trying to work out some way of guaranteeing that the military will get all the copper it needs—no matter how long the current red metal strike continues.

But so far, apparently, they have not come up with the right combination.

Industry buzzed during the weekend with rumors that the government was about to issue a new regulation affecting brass and wire mill inventories, with the announcement scheduled to be made yesterday.

The reports were that Uncle Sam was about to tell the mills that they would have to hold back enough copper to guarantee that they would be able to fill all their defense rated orders for the rest of the year.

The the word got out that this action was being sidetracked—at least for the time being.

Officials would not comment at all on these reports.

But independent observers suggested that any plan which

(Continued on next page)

U.S. Readies, Shelves Copper Controls

(Continued from first page)

required a holding back of copper to assure the filling of all defense rated orders for the next five months amounted—in fact, if not technically—to inventory control.

They also suggested that such action would raise havoc with copper markets—and would seriously hamper civilian copper product production.

First, these observers say, it would precipitate panic—with attendant hoarding and skyrocketing "grey market" prices for copper.

This, in turn, would increase inflationary pressures.

Even if no panic hoarding or black marketing of copper took place, the military would, in some cases, have to pay as much as 10 cents a pound more for its red metal than it has been paying in the past.

Price Boost Reasons

The reason: If mills were required to hold back enough copper to guarantee the filling of rated orders, they would have to include some 48 cent copper in this reserve. Before the strike, rated orders were being filled with 38 cent copper—either from stockpile disposals or from the mines.

Finally, any defense inventory reserve could create chaos in copper product production.

At present, defense set asides — or productive capacity reserve — for copper products run between 10 and 15 percent.

It's understood that the brass and wire mills now have an average 60 to 90 day inventory on hand.

Ordinarily, this would be a fairly comfortable cushion.

However, were the mills to slice off enough copper to assure the filling of all defense orders for the rest of the year—five more months — it would mean that they would automatically reduce by 50 to 75 percent the copper available to them for the filling of civilian orders.

Shutdown Feared

Some observers believe such action would mean many mills would have to shut down—since they would not be able to operate efficiently on the amount of copper they would be able to use. Capacity rates might drop as low as 25 percent—a terribly inefficient level.

Some authorities also believe any order "guaranteeing" that enough copper to meet defense needs for the rest of the year be held in inventory might not be completely legal.

They claim that—whatever you might call it — such action amounts to inventory control.

And, they say, inventory controls cannot be implemented unless the President uses his emergency powers. And he would not be able to take the step until a fact finding panel first found that a state of emergency existed.

Dispute Develops

This point is disputed by other experts, who say that a holdback for defense is not inventory control — technically.

The fact remains, however, that industry has been disturbed by reports that the inventory action — whatever it's called — would be taken.

Long-time students of the copper industry feel that the government actually has only two options open to it if it wants to guarantee defense production right now:

—Either inventory controls, or

—Invoking of the Taft Hartley law against the striking copper unions.

The administration, for political and other reasons, is reluctant to use the Taft-Hartley Act.

But there are some experts who feel that Taft-Hartley is, in this case, the lesser of two evils.

Just exactly what the government will do in the copper situation, however, remains to be seen.

Despite all the rumors, no one is saying anything—although it is known that officials have been meeting on the copper problem daily for the past week.

Filed by California office 1/5/68

ANALYSIS OF STOCKPILE OBJECTIVES AND FY 1968 STOCKPILE SALES PROGRAM

A. INTRODUCTION

1. The "Stockpile"

The "stockpile" is a government materials inventory held by the General Services Administration (GSA) consisting of 90 materials with a total value, as of 30 June 1967, of $6.428 billion. Seventy-five of these materials have National Stockpile objectives, established under the Strategic and Critical Materials Stock Piling Act of 1946. Twelve materials formerly had stockpile objectives assigned, but have zero objectives today. The other three materials are held by GSA under the Federal Property Act for disposal as excess property of other agencies.

Of the $6.428 billion total inventories, $3.123 billion must be held to meet current National Stockpile objectives. The balance of $3.305 billion is excess property. Of that excess, $1.626 billion is now legally available for sale by virtue of Congressional authorization where needed. An additional $0.130 billion of the excess would become available for sale if bills now pending in the Congress are enacted. The remaining $1.549 billion of excess property has not yet been submitted to Congress for disposal clearance.

Table 1 presents the detail with respect to these 90 items, as of 30 June 1967. The table is a reproduction of the GSA monthly inventory report.

2. Responsibilities for National Stockpile Management

Under the present law, the Director of the Office of Emergency Planning (OEP) determines stockpile objectives and authorizes GSA to develop programs for purchases or sales, as appropriate.

GSA is the custodial and fiscal agency, responsible for storage, protection, inspection, purchasing, sales and related matters.

OEP functions with the advice and assistance of many other agencies, the principal ones being:

- Defense, which provides planning guidance on the duration and nature of a future war, including probable accessibility of foreign supply sources and potential shipping losses, and data on the requirements for materials to support wartime military production.

- State, which provides economic and political guidance as to the dependability of foreign sources and advises on foreign policy aspects of all stockpile problems.

- Interior, Commerce and Agriculture, which provide planning data on supply availability and non-military wartime requirements, as well as advising on the impact of stockpile programs in their respective fields of responsibility for the domestic economy.

3. Stockpile Objectives

The stockpile objectives are presently designed to achieve a number of purposes: (1) assurance that military production will not be inhibited by shortages of strategic materials; (2) assurance that essential industrial and civilian requirements will be met; (3) maintenance of the economy at full employment levels, whether or not needed to supply essential goods and services.

Two factors used in the determination of the objectives have been of concern to the Department of Defense for many years. These are: (1) the duration of the conflict which the stockpiles are planned to cover, and (2) the degree to which we may with reasonable assurance assume continued supplies of imported materials in wartime. The current OEP practice is unreasonably conservative with reference to these two factors. A more realistic approach would result in substantial reduction of the stockpile objectives.

B. REDUCTION OF STOCKPILE OBJECTIVES

1. Introduction

As noted earlier, $3.123 billion of the 30 June 1967 GSA inventories of $6.428 billion is held against existing National Stockpile objectives. The $3.123 billion total could be reduced to about $1.1 billion by revising the objectives to reflect (1) a two-year rather than a three-year war period, and (2) realistic assumptions as to the probable

availability of supplies from production and imports in wartime. The detail of this potential reduction, for major value items, is shown in Table 2. The two controlling factors are discussed in more detail below.

2. Duration of War

The National Stockpile program was originally established on a five-year war planning period by the Secretaries of War, Navy and Interior who managed the program under the 1946 Act. In 1953, management was transferred by Executive Order to the Office of Defense Mobilization, predecessor to OEP. In 1955, the Department of Defense recommended a reduction to three years, but this was not concurred in by the National Security Council and implemented by OEP until 1958.

On 13 December 1965, a special group established by the President under NSAM 321, and chaired by McGeorge Bundy, prepared a draft Presidential directive including, among other things, reduction of the planning period to two years. The Secretary of Defense concurred in this draft by memorandum dated 22 January 1966 to Mr. Bundy. In a memorandum to the Secretary of Defense dated 9 December 1966, General Wheeler indicated agreement.

The Secretary of Defense reiterated his recommendation of a two-year planning period in a letter dated 14 September 1966 to the Director of OEP. This letter had the concurrence, dated 3 September, of the Director, Joint Staff.

The question of the length of the war for planning purposes was addressed in the report of the 1962 investigation of the stockpile program by Senator Symington's Armed Services Subcommittee. The report stated: "The length of the war that we should be prepared to fight has a very important effect upon the size of the objectives. ....it is now evident that a war of three years' duration is not realistic in this nuclear age."

We know of no agency that did not concur in the 13 December 1965 NSAM 321 draft. It has not, however, been approved by the President, nor have we any information indicating that it ever has been presented to him.

Thus the three-year period remains as the OEP planning basis today.

3. Accessible Wartime Sources of Supply

From the inception of the program in 1946 until the transfer of management from DoD to OEP in 1953, all determinations of stockpile objectives had been based on the assumption that substantial areas of the world would be accessible to us in wartime as supply sources. The detailed assumptions varied from time to time but generally recognized as accessible all areas except the Communist Bloc, Southeast Asia, the Middle East and Western Europe.

In 1954, the President, acting on the recommendations of a special Cabinet Committee on Minerals Policy (not including DoD), authorized the stockpiling of materials on a basis that wartime supplies would be available only from the U. S., Canada, Mexico and the Caribbean area. As indicated earlier, the planning period at this time was still five years, and remained so until 1958. Thus, between 1954 and 1958 the stockpile objectives reached maximum historical magnitude.

Since 1954, OEP has periodically requested DoD to review and up-date its accessibility assumptions. This has been done, as requested, the latest version having been transmitted to OEP by the ASD(I&L) on 5 July 1966 with the concurrence of the Director, Joint Staff.

The letter of 14 September 1966 to the Director of OEP, referenced above in regard to the question of the duration of the war, revalidated these 5 July accessibility assumptions.

The NSAM 321 draft of 13 December 1965, referenced above and concurred in by the Secretary of Defense on 22 January 1966, also called for the objectives to be based on such accessibility assumptions.

Despite this, OEP continues to use the very restrictive assumptions established in 1954.

The Symington Subcommittee report cited above dealt at length with this subject and concluded that the present OEP system of discounting imports was wholely unrealistic. The Symington Stockpile Bill, which passed the Senate but not the House, provided for the use of supply assumptions based on the best available intelligence.

Historically also, the State Department has from time to time updated its appraisals of the political dependability of such world supply sources as DoD deems to be accessible from a military standpoint. These dependability factors appear to be realistic and acceptable. They range from 100% for Canada to 50% for such

supply sources as the Republic of South Africa and Rhodesia. Except for the limited areas accepted by OEP as accessible, of course, these State Department evaluations have been "academic" since 1954. If stockpile objectives are to be recomputed, DoD's views on accessibility should be appraised on a country by country basis by State.

4. Effect of Changing the Planning Assumptions

A detailed review has been made of the present stockpile objective determinations for 27 materials of major dollar value. Table 2 shows the result of this, together with comparable data on lead and zinc, for which the objectives already are zero. This study was based on the latest OEP basic data sheets for each commodity, most of which are two to three years old. Thus the results must be taken as indicative of the over-all situation but not necessarily definitive for each item. In all cases the projected wartime requirements were left as in the OEP studies. The planning period was limited to two years rather than three. The gross supply estimates for each material were factored, country by country, according to the DoD/State concept of accessibility and dependability, as opposed to the more conservative OEP approach.

The 27 materials selected account for $2.727 billion of the total $3.123 billion of GSA inventories held to meet present objectives. The sample items thus represent about 88% of the dollar value of the total list. The revised inventory requirements for the 27 items have a total value of only $0.933 billion which, if expanded to 100%, would indicate total objectives of $1.073 billion for the entire stockpile list. Ten of the 27 sample items would have their objectives reduced to zero. Two objectives (Manila and sisal fibers) would not be changed. The other 15 are reduced in varying amounts. The total indicated reduction in value for the entire list of objectives is $2.050 billion, or nearly two-thirds of the current level.

5. Conclusion

While a re-appraisal of stockpile objectives on the basis of realistic assumptions would result in an indicated reduction in inventory requirements of perhaps $2 billion, it does not follow that GSA will thereupon be able to dispose of these excess materials in FY 1968. The much more limited effect of such an action on the FY 1968 sales program is developed in detail in the next section.

C. EFFECT OF OBJECTIVE REDUCTIONS ON STOCKPILE DISPOSAL PROGRAM

1. Materials of Interest

FY 1968 disposals of most of the major value items will not be affected by reduced stockpile objectives. Such items as aluminum, chromite, industrial diamonds, lead, magnesium, molybdenum, rubber, tin, tungsten and zinc are already in an excess inventory position to an extent far beyond FY 1968 sales possibilities. Reductions in objectives will, however, be of benefit to disposal programs in later years.

There are five items for which the indicated reductions of objectives are an essential step in accomplishing the sales program discussed later in this report, because such reductions would provide part or all of the material which can be sold. Potential FY 1968 sales of $229.1 million and cash collections of $216.3 million are dependent on these reductions in objectives. The detail by item is shown below:

Material	Unit	FY 1968 "Possible" Sales Program	Portion of FY 1968 "Possible" Sales Program Dependent on Reduced Objective		
		Qty	Qty	Sales $M	Collections $M
Copper	ST	200,000	200,000	150.0	150.0
Nickel	Lb.	100,000,000	40,000,000	33.3	33.3
Platinum	Oz.	450,000	335,000	32.2	20.4
Palladium	Oz.	200,000	200,000	7.6	7.6
Tantalum	Lb.	500,000	500,000	6.0	5.0
			Total	229.1	216.3

2. Course of Action

Despite the fact that only five potential objective reductions will affect FY 1968 disposals, the review and revision should proceed on all items promptly because:

- The present concepts are unsound.
- A reduction in objectives of only five items, without a basic change in concept, would invite criticism that the objectives were being adjusted solely to create revenue.

- Over-all reductions will benefit stockpile sales programs in the years following FY 1968 and will thus enable improved long range planning by GSA.

The principal action required to initiate a recomputation of objectives is the approval by the President of NSAM 321, modified as necessary to be brought up to date. This would constitute a directive to OEP to recompute objectives on the basis of the more realistic guidelines set forth in the NSAM.

D. THE FY 1968 PROGRAM AS CONTAINED IN THE BUDGET

Cash receipts from the sale of excess stockpile materials disposal have varied considerably over the past eight years, ranging from a high of $925 million in FY 1966 to a low of $68 million in FY 1963. Table 3 compares cash receipts for FY 1960 through FY 1967.

The FY 1968 President's Budget contained an estimate of $881.7 million. This was a highly optimistic estimate, assuming an early reduction in stockage objectives, prompt Congressional action on disposal authorization bills, and a favorable expectation of market demand on a number of commodities such as molybdenum and aluminum. GSA subsequently developed a rock-bottom program, totaling only $236.7 million, which assumed that additional excesses from the review of objectives would not be available, that Congressional action on disposal authorization would not be obtained, and that no appreciable improvement in market demand would occur.

The problem is thus how to obtain the $881 million cash receipts projected in the Budget. Our review indicates that receipts of $881 million are possible but not likely to be attained. Receipts of $881 million would require:

- Aluminum sales of 400,000 tons. Industry has already met its purchase commitments for FY 1968 in prior years. Thus, sales in FY 1968 will be extremely low, with only 30 tons sold so far this fiscal year.

- Lead and Zinc sales of 200,000 tons each. Both industry and Congress have opposed the release of additional quantities of excess lead and zinc.

- Copper sales of 200,000 tons. This would reduce the inventory of standard grade refined copper in the stockpile to zero.

- Rubber sales of 170,000 tons. This was the original program, supported by DoD purchases, until State Department intervention reduced the program to 70,000 tons.

- Tin sales of 22,000 tons. The level of sales was reduced to 10,000 tons as a result of State Department intervention to maintain the floor price set by the International Tin Council.

These six commodities at the maximum level would generate sales of $580 million and collections of $546 million in FY 1968, but the obstacles that must be overcome are formidable, particularly with respect to selling 400,000 tons of aluminum.

E. POSSIBLE PROGRAM FOR FY 1968

1. Introduction

A sales program of $804.5 million, with cash receipts of $695 million, might be achieved in FY 1968, but many difficulties would have to be surmounted. The details of this program are shown in Table 4. This program is possible if:

- Stockpile objectives are reduced.

- Congressional disposal authorization is provided for 15 items.

- Industry responds favorably to increased sales pressure.

- International restrictions are eliminated.

The points listed above are discussed separately in the paragraphs which follow.

2. Stockpile Objectives

This was discussed in the previous section highlighting the change in the assumptions relative to the length of the war and assurance on accessibility of supply. Five commodities were affected. Cash collections of $216 million are dependent on this change.

3. Congressional Approval for Disposal

Disposal legislation is required for 15 items. Legislation to cover the full sales program is already pending on three of these items.

Sales impact of these 15 items if $427.2 million and $337.3 million in cash receipts. Table 5 provides details on the commodities and their financial impact.

Congressional approval by 1 October 1967 has been assumed in the sales projections. This is a highly optimistic assumption, on the basis of past performance. For example, six legislative proposals for disposal were submitted in February 1967. None of the six proposed bills has yet been enacted. There is Congressional apprehension that the stockpile is being used for purposes other than to assure continuity of production for military purposes. A single bill that provided general authority to dispose of all excess materials, instead of the 15 individual bills, might speed Congressional approval. GSA has already drafted such a bill.

4. Further Effort with Industry to Increase Sales

- Aluminum - Since the initiation of the industry program in November 1965, the industry has purchased more than 400,000 tons. This exceeds the industry purchase commitments by over 157,000 tons. In view of these credits and the increased production capacity, industry is not planning any large scale purchases in FY 1968. So far in FY 1968, sales have totaled only 30 tons.

  Discussions need to be reopened with industry. Sales effort should be directed toward a sales program of 400,000 tons, which is equivalent to 10% of U.S. aluminum consumption and equal to current Defense requirements. Because it is unrealistic to suppose that 400,000 tons can be sold, the "possible" FY 1968 sales program includes only 200,000 tons.

  The sale of 200,000 tons might be achieved if the sales price of stockpile aluminum can be reduced. One way to do this would be to deduct from the selling price (1) the cost to industry of handling and processing the stockpile material, and (2) the saving in government cost to hold the inventory. The present GSA estimate of this deduction is approximately 3 - 3-1/2 cents per pound which would be deducted from the market price of 24-1/2 cents. A second approach would be to require Defense users of aluminum to purchase an amount of stockpile aluminum equivalent to the aluminum content of the item produced. This concept is now being explored by GSA.

- Lead and Zinc - No long range plan for disposal has been developed on a joint industry-Government basis. Industry is still expanding its production capability, despite the existence of over 2.4 million tons ($685 million) in the stockpile. The industry and Congress have opposed the disposal of additional quantities of excess lead and zinc. Although the stockpile objective has been zero for some years, recent sales have been at a low level due to industry resistance. To accomplish the sales objective of 150,000 tons for the two commodities will require considerable pressure on the industry to develop a long range sales plan, which can receive Congressional approval.

5. International Considerations

The sales program is affected by international commitments for rubber, tin, abaca fiber cordage, and industrial diamonds. Discussions with the Department of State are required in order to eliminate the restrictions currently imposed.

- Rubber - A sales program for 170,000 tons ($83.0 million) was proposed for FY 1968 and was supported by DoD by requiring DoD contractors to purchase rubber from GSA. The State Department intervened on behalf of the Asian rubber producing countries. As a result, the program was reduced to 120,000 tons, and then 70,000 tons ($34.8 million). In view of the excess inventory of 375,000 tons ($177.4 million) and the ability of the market to absorb the original program, the sales program provides for 150,000 tons (adjusted to reflect approval of the higher level by 1 October 1967) in FY 1968.

- Tin - A sales program of 22,000 tons ($75 million) was considered feasible. State intervened to maintain the floor price set by the International Tin Council. As a result, the sales estimate was reduced to 10,000 tons ($33 million). The market is still favorable and GSA believes it could sell 16,500 tons ($55.8 million), if the restrictions were lifted and they were permitted to sell on a competitive basis.

- Abaca Cordage Fiber - The original sales estimate was reduced from 15,000,000 pounds ($2.5 million) to 14,000,000 pounds ($2.3 million) at the request of State. The reduction was based on the importance of abaca to the Philippine economy. GSA believes the market would permit sales of 20,000,000 pounds ($3.2 million) in view of the increased requirements from SEA military operations.

- Industrial Diamonds, Crushing Bort - No estimates were included in the Budget estimates due to possible impact on the Congo. This is a low grade of diamonds used for diamond powder abrasives, and controlled by the diamond Syndicate. General Electric has developed a synthetic material replacing the Bort requirement. The procurement contracts provide for a buy-back arrangement. GSA believes that it can work out an arrangement for the Syndicate to buy back the 13.5 million excess carats ($31.4 million) over a four-year period, with a collection potential of $7.9 million in FY 1968.

- Industrial Diamonds, Stones - There is an excess of industrial diamond stones of 8.5 million carats ($116 million). The sales program assumes a sale back to the diamond Syndicate of about 4 million carats ($50 million) over a four-year period. Collections in FY 1968 would be $12.5 million. Justice, however, has informally objected to such an arrangement. Congress has indicated that it would not object to a buy-back agreement with the diamond Syndicate. There is a Congressional limitation of 90,000 carats per year ($.8 million) on domestic sales.

F. CONCLUSION

Shown below is a summary table comparing the $881 million FY 1968 Budget Program with the $695 million FY 1968 "Possible" Program, in terms of quantities, sales, and cash collections.

		FY 68 Budget Program			FY68 "Possible" Program		
			Sales	Cash		($ Million)	
Material	Unit	Sales Units	($ Million)		Sales Units	Sales	Cash
Aluminum	ST	400,000	192.00	173.85	200,000	100.00	70.00
Copper	ST	258,946	185.00	216.68	200,000	150.00	171.28
Lead	ST	100,000	28.00	27.00	75,000	21.00	20.00
Magnesium	ST	55,000	34.10	39.60	26,000	16.60	14.40
Molybdenum	Lb.	40,000,000	67.00	69.10	5,000,000	8.00	10.00
Nickel	Lb.	30,000,000	26.00	36.10	100,000,000	83.30	96.74
Platinum	Tr. Oz.	335,000	32.20	32.20	450,000	49.50	33.00
Rubber	LT	170,000	87.50	83.00	150,000	66.00	66.00
Tin	LT	22,000	77.00	75.00	16,500	55.80	55.80
Zinc	ST	100,000	28.00	26.50	75,000	19.50	18.00
All Others			114.44	102.70		234.81	140.42
Total			871.24	881.73		804.51	695.64

It appears unlikely that the Budget Program can be achieved. Additional sales of aluminum, lead, and zinc would be required, and the obstacles appear insurmountable. The "Possible" Program of $804 million in sales and $695 million in cash collections, while lower than the Budget Program, is nevertheless an optimistic program.

The course of action designed to achieve the "Possible" Program is summarized below:

- Presidential issuance of NASM directing recomputation of stockpile objectives.
- Submission of disposal legislation.
- Sessions with Congressional leadership to assure prompt action on disposal legislation.
- Discussions with State to remove restrictions on tin, rubber, abaca, and industrial diamonds.
- Discussions with Justice to permit sale of industrial diamond stones to the Syndicate.
- Discussions with industry on aluminum, lead and zinc.

 Table 1

GENERAL SERVICES ADMINISTRATION
INVENTORY OF STOCKPILE MATERIALS
Month Ending 30 June 1967
($ Millions)

8/16/67

NOTE:
Sales are reported on a contract commitment basis and inventories reflect uncommitted balances.

Total Inventory	90	$6,428.199
Objective	77	3,123.027
Excess	72	3,305.172
Available for Sale	56	1,626.256
Pending - Congress	6	129.855
Unauthorized	33	1,549.061

Commodity	Unit	Monthly Sales Commitments		Total Inventory		Stockpile Objective	Total Excess		Available for Disposal	
		Quantity	Value	Quantity	Value	Quantity	Quantity	Value	Quantity	Value
Commodities having Stockpile Objectives										
Aluminum	ST	0	$ 0	1,497,609	$733.631	450,000	1,047,609*	$513.131	1,047,609*	$513.131
Aluminum Oxide	ST	0	0	429,265	69.244	300,000	129,265	18.614	129,265	18.614
Antimony, Metal	ST	0	0	50,727	44.042	25,500	25,227	21.747	2,643	2.269
Asbestos, Amosite	ST	0	0	65,477	12.649	40,000	25,477	4.949	14,601	2.811
Asbestos, Chrysotile	ST	0	0	15,738	9.380	13,700	4,783 1/	.913	1,936	.329
Bauxite, Metal Grade Jamaica Type	LDT	0	0	8,858,881	103.117	5,000,000	3,858,881	44.917	714,000	8.311
Bauxite, Metal Grade, Surinam Type	LDT	0	0	7,889,967	121.111	5,300,000	2,589,967	39.756	0	0
Bauxite Refractory Grade	LCT	600	.028	222,416	9.338	173,000	49,416	2.072	49,416	2.072
Beryl	ST	0	0	41,625	61.629	28,000	13,625	16.111	0	0
Bismuth	LB	0	0	3,600,000	14.400	2,400,000	1,200,000	4.800	(1,200,000)	(4.800) 3/
Cadmium	LB	0	0	13,787,561	34.895	5,100,000	8,687,561	21.992	3,616,092	9.161
Castor Oil	LB	6,451,807	1.125	122,690,138	18.759	22,000,000	100,690,138	14.306	54,303,518	7.547
Celestite	ST	0	0	41.079	.869	10,300	30,779	.498	28,811	.432
Chromite, Chemical Grade	SDT	0	0	1,259,041	30.774	600,000	659,041	15.350	116,458	2.053
Chromite, Metallurgical Grade	SDT	9,311	.216	5,561,331	315.325	2,970,000	2,594,912	186.546	1,177,116	31.195
Chromite, Refractory Grade	SDT	0	0	1,226,932	18.637	1,425,000	228 1/	.003	0	0
Cobalt	LB	263,761	.446	96,736,284	159.578	42,000,000	54,736,284	90.278	19,601,022	32.305
Columbium	LB	0	0	13,296,820	20.588	1,176,000	12,360,133	17.110	5,383,746	4.671
Copper	ST	0	.460	258,917	194.187	775,000	0	0	0	0
Gordage Fiber, Abaca	LB	77,275	.009	131,235,343	25.688	50,000,000	81,235,343	15.938	81,235,343	15.938
Cordage Fiber, Sisal	LB	0	0	255,725,607	22.375	200,000,000	55,725,607	4.875	55,725,607	4.875
Corundum	ST	0	0	1,964	.245	2,500	1,952 1/	.244	0	0

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Commodity	Unit	Monthly Sales Commitments		Total Inventory		Stockpile Objective	Total Excess		Available for Disposal	
		Quantity	Value	Quantity	Value	Quantity	Quantity	Value	Quantity	Value
Diamond Dies, Small	PC	0	0	13,408	.516	25,000	0	0	0	0
Diamond, Industrial Crushing Bort	KT	0	0	38,196,223	88.997	24,700,000	13,496,223	31.446	0	0
Diamond, Industrial Stones	KT	0	0	25,070,033	352.464	16,500,000	8,570,033	116.672	1,800,000	24.678
Feathers & Down Waterfowl	LB	0	0	3,000,000	11.200	3,000,000	0	0	0	0
Fluorspar, Acid Grade	SDT	15,642	.490	1,123,200	37.908	890,000	233,200	7.648	6,067	.225
Fluorspar Metallurgical Grade	SDT	0	0	412,243	15.665	850,000	0	0	0	0
Graphite, Natural Ceylon, amorphous lump	ST	0	0	5,886	1.314	5,500	386	.086	0	0
Graphite, Natural Malagasy, crystalline	ST	0	0	33,394	3.653	18,800	15,394	1.692	15,394	1.692
Graphite, Natural other than C&M crystalline	ST	0	0	4,810	.674	2,800	2,010	.282	2,010	.282
Iodine	LB	0	0	6,515,451	7.688	8,000,000	0	0	0	0
Jewel Bearings	PC	0	0	54,086,640	22.716	57,500,000	14,726,698	1/ 6.185	0	0
Kyanite-Mullite	SDT	0	0	4,800	.572	4,800	0	0	0	0
Lead	ST	287	.078	1,212,305	339.452	0	1,212,305	339.452	84,005	23.528
Magnesium	ST	0	0	145,000	92.800	90,000	55,000	35.200	0 (55,000)	0 (35.200) 3/
Manganese, Battery Grade, natural ore	SDT	0	0	308,839	23.163	80,000	228,839	17.163	0	0
Manganese, Battery Grade Grade, Synthetic dioxide	SDT	0	0	24,823	12.164	6,700	18,123	8.881	18,123	8.881
Manganese Ore, Chemical Grade, Type A	SDT	0	0	146,914	13.012	68,500	78,414	6.945	0	0
Manganese Ore, Chemical Grade, Type B	SDT	0	0	100,838	5.042	64,000	36,838	1.842	0	0
Manganese, Metallurgical Grade	SDT	26,448	.638	12,810,177	436.946	7,900,000	5,135,178	178.664	3,329,707	67.041
Mercury	FL	0	0	200,365	98.141	200,000	365	.141	0	0
Mica, Muscovite Block Stained & Better	LB	0	0	15,455,191	65.525	6,564,750	8,890,441	25.877	7,298,032	21.097
Mica, Muscovite Film, 1st & 2nd qualities	LB	0	0	1,441,670	16.300	2,000,000	6,420	.006	6,420	.006

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Commodity	Unit	Monthly Sales Commitments Quantity	Monthly Sales Commitments Value	Total Inventory Quantity	Total Inventory Value	Stockpile Objective Quantity	Total Excess Quantity	Total Excess Value	Available for Disposal Quantity	Available for Disposal Value
Mica, Muscovite Splittings	LB	4,400	.009	44,662,023	53.764	22,200,000	22,462,023	27.124	22,462,023	27.124
Mica, Phlogopite Block	LB	0	0	223,239	.061	17,000	206,520 1/	.041	206,520	.041
Mica, Phlogopite Splittings	LB	0	0	5,047,479	8.096	1,300,000	3,747,479	6.016	3,747,479	6.016
Molybdenum	LB	0	0	55,909,373	94.591	40,000,000	15,909,373	25.692	754,172	1.288
									(15,000,000)	(23.767) 3/
Nickel	LB	0	0	100,000,000	83.330	40,000,000	60,000,000	50.000	0	0
									(60,000,000)	(50.000) 3/
Opium, morphine cont.	Av.LB	0	0	143,000	19.208	143,000	0	0	0	0
Platinum Group Metals, Iridium	Tr.Oz.	0	0	14,113	2.646	17,000	0	0	0	0
Platinum Group Metals, Palladium	Tr.Oz.	0	0	800,673	30.425	1,300,000	0	0	0	0
Platinum Group Metals, Platinum	Tr.Oz.	0	0	450,000	49.500	335,000	115,000	12.650	(115,000)	(12.650) 3/
Pyrethrum	LB	0	0	67,044	.087	25,000	0	0	0	0
Quartz Crystal	LB	1,000	.010	5,461,323	58.389	650,000	4,811,323	50.829	4,811,323	50.829
Quinidine	OZ	0	0	1,600,438	6.242	2,000,000	0	0	0	0
Quinine	OZ	0	0	3,548,165	7.296	4,130,000	0	0	0	0
Rare Earths	SDT	0	0	15,788	7.105	3,000	12,788	5.755	(7,640)	(3.438) 3/
Rubber	LT	0	0	505,299	238.518	130,000	375,299	177.418	375,299	177.418
Rutile	SDT	0	0	47,617	5.714	200,000	0	0	0	0
Sapphire & Ruby	KT	0	0	16,308,797	.179	18,000,000	0	0	0	0
Selenium	LB	0	0	403,702	1.817	475,000	0	0	0	0
Shellac	LB	0	0	13,429,128	2.274	8,300,000	5,129,128	.531	5,129,128	.531
Silicon Carbide, Crude	ST	0	0	196,453	43.023	30,000	166,453	36.453	0	0
Silver, Fine	Tr.Oz.	0	0	0	0	165,000,000	0	0	0	0
Sperm Oil	LB	0	0	23,481,738	3.640	23,400,000	0	0	0	0
Talc, Steatite Block and Lump	ST	0	0	1,254	.407	200	1,054	.341	1,054	.341
Tantalum	LB	0	0	3,400,000 2/	50.222	3,400,000	0	0	0	0
Thorium	LB	0	0	3,638,861	15.267	500,000	3,138,861	13.170	3,138,861	13.170
Tin	LT	1,072	3.717	262,211	905.978	200,000	62,211	214.938	62,211	214.938
Titanium Sponge	ST	246	.521	29,864	72.106	37,500	9,364 1/	21.817	9,364	21.817
Tungsten	LB	1,326,443	3.365	188,396,014	519.573	44,000,000	146,775,554	400.248	63,139,786	172.745

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Commodity	Unit	Monthly Sales Commitments Quantity	Monthly Sales Commitments Value	Total Inventory Quantity	Total Inventory Value	Stockpile Objective Quantity	Total Excess Quantity	Total Excess Value	Available for Disposal Quantity	Available for Disposal Value
Vanadium	ST	0	0	5,472	26.546	1,500	3,972	17.318	3,972	17.318
Vegetable Tannin Extract Chestnut	LT	0	0	33,527	6.705	15,000	18,527	3.705	18,527	3.705
Vegetable Tannin Extract, Quebracho	LT	103	.021	196,331	39.580	86,000	110,331	22.242	110,331	22.242
Vegetable Tannin Extract, Wattle	LT	0	0	38,940	7.749	15,000	23,940	4.764	23,940	4.764
Zinc	ST	1,352	.387	1,195,109	346.630	0	1,195,109	346.630	118,582	34.437
Total-Commodities with Objectives			$11.520		$6,373.041			$3,250.014		$1,571.868
Commodities having no Stockpile Objectives										
Asbestos, Crocidolite	ST	0	0	48,362	11.077	-	48,362	11.077	48,362	11.077
Colemanite	LDT	0	0	67,506	2.315	-	67,506	2.315	67,506	2.315
Diamond Tools	PC	0	0	64,178	.770	-	64,178	.770	0	0
Mica, Muscovite block, Stained B & Lower	LB	0	0	4,320,402	11.881	-	4,320,402	11.881	4,320,402	11.881
Mica, Muscovite Film Third Quality	LB	0	0	496,400	.496	-	496,400	.496	496,400	.496
Platinum Group Metals, Ruthenium	Tr.Oz.	0	0	13,700	.788	-	13,700	.788	13,700	.788
Talc, Steatite, Ground	ST	0	0	3,900	.021	-	3,900	.021	3,900	.021
Thorium Residue	LB	0	0	839,079	.025	-	839,079	.025	839,079	.025
Zirconium Ore, Baddeleyite	SDT	0	0	16,514	.747	-	16,514	.747	16,514	.747
Zirconium Ore, Zircon	SDT	0	0	1,721	.002	-	1,721	.002	1,721	.002
Total-Commidities with no Objectives			0		$28.122			$28.122		$27.352

8/16/67

Commodity	Unit	Monthly Sales Commitments Quantity	Monthly Sales Commitments Value	Total Inventory Quantity	Total Inventory Value	Stockpile Objective Quantity	Total Excess Quantity	Total Excess Value	Available for Disposal Quantity	Available for Disposal Value
Federal Property Act Commodities										
Bauxite	LDT	0	0	1,320,000	6.000	-	1,320,000*	6.000	1,320,000*	6.000
Lithium	LB	0	0	12,994,900	6.498	-	12,994,900	6.498	12,994,900	6.498
Mercury	FL	2,008	.964	29,717	14.538	-	29,717	14.538	29,717	14.538
Total-Federal Property Act			$ .964		$ 27.036			$ 27.036		$ 27.036
Grand Total			$12.484		$6,428.199			$3,305.172		$1,626.256

* Committed for sale but undelivered under long term contracts.
1/ Excess represents non-stockpile quality material not held for objective.
2/ Takes into consideration materials required in upgrading.
3/ Section 5 or Legislation required. Quantity and value of excess for which legislation is being requested is shown in parenthesis.

Units of Measure

FL - Flasks
KT - Carats
LB - Pounds
LCT - Long Calcined Tons
LDT - Long Dry Tons
LT - Long Tons
OZ - Ounces
PC - Pieces
SDT - Short Dry Tons
ST - Short Tons
TR.OZ. - Troy Ounces

16 August 1967

TABLE 2

MAJOR STOCKPILE MATERIALS - INVENTORIES, OBJECTIVES AND EXCESSES

Material	Unit	Total Inventory 30 June '67	Present Stockpile Objective	Potential Reduced Objective	Excess Inventory 30 June '67	Potential Additional Excess	Potential Total Excess	Authorized for Sale 30 June 67	Value of Objectives ($ Million) Present*	Value of Objectives ($ Million) Potential
Aluminum	Sh. Ton	1,497,609	450,000	200,000	1,047,609	250,000	1,297,609	1,047,609	220.5	98.0
Aluminum Oxide	Sh. Ton	429,265	300,000	100,000	129,265	200,000	329,265	129,265	50.6	16.9
Bismuth	Pound	3,600,000	2,400,000	-0-	1,200,000	2,400,000	3,600,000	-0-	9.6	-0-
Chromite, Metallurgical	Sh. Ton	5,561,331	2,970,000	1,038,000	2,591,331	1,932,000	4,523,331	1,177,116	128.8	45.0
Cobalt	Pound	96,736,284	42,000,000	-0-	54,736,284	42,000,000	96,736,284	19,601,022	69.3	-0-
Columbium	Pound	13,296,820	1,176,000	-0-	12,120,820	1,176,000	13,296,820	5,383,746	3.5	-0-
Copper	Sh. Ton	258,917	775,000	-0-	(516,083)	775,000	258,917	None	194.2*	-0-
Cordage Fiber, Abaca	Pound	131,235,343	50,000,000	50,000,000	81,235,343	-0-	81,235,343	81,235,343	9.8	9.8
Cordage Fiber, Sisal	Pound	255,725,607	200,000,000	200,000,000	55,725,607	-0-	55,725,607	55,725,607	17.5	17.5
Industrial Diamond, Stones	Carat	25,070,033	16,500,000	5,500,000	8,570,033	11,000,000	19,570,033	1,800,000	235.8	78.6
Lead	Sh. Ton	1,212,305	-0-	-0-	1,212,305	-0-	1,212,305	46,000	-0-	-0-
Magnesium	Sh. Ton	145,000	90,000	-0-	55,000	90,000	145,000	-0-	57.6	-0-
Manganese, Metallurgical	Sh. Ton	12,810,178	7,900,000	2,365,000	4,910,178	5,535,000	10,445,178	3,329,707	258.2	77.5
Mercury	Flask	230,082	200,000	103,000	30,082	97,000	127,082	29,717	98.0	50.5
Molybdenum	Pound	55,909,373	40,000,000	-0-	15,909,373	40,000,000	55,909,373	754,172	68.9	-0-
Nickel	Pound	100,000,000	40,000,000	-0-	60,000,000	40,000,000	100,000,000	60,000,000	33.3	-0-
Platinum	Troy Oz.	450,000	335,000	-0-	115,000	335,000	450,000	115,000	36.8	-0-
Rubber	Long Ton	505,299	130,000	-0-	375,299	130,000	505,299	375,299	61.1	-0-
Tin	Long Ton	262,211	200,000	104,400	62,211	95,600	157,811	62,211	691.1	360.8
Tungsten	Pound	188,396,014	44,000,000	16,600,000	144,396,014	27,400,000	171,796,014	63,139,786	119.4	45.1
Vanadium	Sh. Ton	5,472	1,500	-0-	3,972	1,500	5,472	3,972	9.2	-0-
Zinc	Sh. Ton	1,195,109	-0-	-0-	1,195,109	-0-	1,195,109	76,000	-0-	-0-
Industrial Diamonds, Bort	Carat	38,196,223	24,700,000	4,700,000	13,496,223	20,000,000	33,496,223	-0-	57.6	11.0
Bauxite, Jamaica	Long Ton	8,858,881	5,000,000	1,200,000	3,858,881	3,800,000	7,658,881	714,000	58.2	14.0
Bauxite, Surinam	Long Ton	7,889,967	5,300,000	2,800,000	2,589,967	2,500,000	5,089,967	-0-	81.3	43.0
Beryl	Sh. Ton	41,625	28,000	7,000	13,625	21,000	34,625	-0-	45.5	11.4
Fluorspar, Acid Grade	Sh. Ton	1,123,200	890,000	425,000	233,200	465,000	698,200	6,067	30.3	14.5
Palladium	Troy Oz.	800,673	1,300,000	600,000	(499,327)	700,000	200,673	-0-	30.4*	22.8
Tantalum	Pound	3,400,000	3,400,000	1,100,000	-0-	2,300,000	2,300,000	-0-	50.2	16.3
								Total for Selected Items	$2,726.7	$ 932.7
								Expanded Total Including Miscellaneous Items	$3,123.0	$1,073.0

* For two items so marked, value is for present inventory, which is less than present objective.

TABLE 3

CASH RECEIPTS FROM SALE OF STRATEGIC AND CRITICAL MATERIALS

(In Millions of Dollars)

FY 1960	$116.8
1961	114.7
1962	95.6
1963	68.5
1964	156.7
1965	320.9
1966	925.3
1967	613.3

TABLE 4

SUMMARY OF FY 68 SURPLUS MATERIALS DISPOSAL PROGRAMS

		FY 68 Budget Program			GSA Minimum Projection			GSA Maximum Projection			Problems to Meet Maximum		
Material	Unit	Sales Units	Sales $ M	Cash $ M	Sales Units	Sales $ M	Cash $ M	Sales Units	Sales $ M	Cash $ M	Reduce Objectives	Need Legislation	Other
Aluminum	Sh.Ton	400,000	192.000	173.850	60,000	30.000	20.024	200,000	100.000	70.000			Pressure on Industry
Aluminum Oxide	Sh.Ton	15,000	1.875	1.300	10,000	1.000	1.000	10,000	1.000	1.000			Market Problems
Bismuth	Pound	700,000	2.800	2.800	0	0.000	0.849	700,000	2.800	2.800		Pending	
Chromite, Met.	Sh.Ton	400,000	10.000	8.000	200,000	5.000	3.500	400,000	10.000	8.000		X	Adjust Stockpile Mix
Cobalt	Pound	4,000,000	6.000	4.800	2,674,000	4.600	4.257	4,000,000	6.800	5.600			Market Problems
Columbium	Pound	3,500,000	10.000	8.500	3,000,000	8.000	7.908	3,000,000	8.000	7.908			Market Problems
Copper	Sh.Ton	258,946	185.000	216.680	0	0.000	21.280	200,000	150.000	171.280	X	X	
Cordage Fiber, Abaca	Pound	15,000,000	2.800	2.500	14,000,000	2.300	2.348	20,000,000	3.200	3.200			Foreign Policy
Cordage Fiber, Sisal	Pound	40,000,000	3.100	3.000	41,000,000	3.200	3.243	41,000,000	3.200	3.243			Market Saturated
Diamonds, Stones	Carat	90,000	0.800	0.800	90,000	0.800	0.800	4,000,000	50.000	12.500		X	Cartel Problem
Lead	Sh.Ton	100,000	28.000	27.000	36,000	10.080	10.045	75,000	21.000	20.000		X	Pressure on Industry
Magnesium	Sh.Ton	55,000	34.100	39.600	0	0.000	1.307	26,000	16.600	14.400		Pending	
Maganese, Met.	Sh.Ton	400,000	10.000	6.000	400,000	10.000	3.038	400,000	10.000	3.038			Market Problems
Molybdenum	Pound	40,000,000	67.000	69.100	700,000	1.000	4.637	5,000,000	8.000	10.000		Pending	Market Has Weakened
Nickel	Pound	30,000,000	26.000	36.100	0	0.000	13,436	100,000,000	83.300	96.736	X	X	
Platinum	Troy Oz.	335,000	32.200	32.200	0	0.000	0.000	450,000	49.500	33.000	X	X	
Rubber	Long Ton	170,000	87.500	83.000	70,000	31.360	34.796	150,000	66.000	66.000			Foreign Policy
Tin	Long Ton	22,000	77.000	75.000	10,000	33.600	33.122	16,500	55.800	55.800			Foreign Policy
Tungsten	Pound	8,000,000	19.000	19.000	10,000,000	24.760	20.992	10,000,000	24.760	20.992			Market Saturated
Vanadium	Sh.Ton	2,800	12.040	12.000	1,500	6.500	6.030	1.500	6.500	6.030			Market Saturated
Zinc	Sh.Ton	100,000	28.000	26.500	37.500	10.500	10.000	75,000	19.500	18.000		X	Pressure on Industry
Added Potentials													
Diamonds, Bort	Carat	0	0.000	0.000	0	0.000	0.000	13,496,000	31.446	7.860		X	Cartel Problem
Bauxite, Jamaica	Long Ton	0	0.000	0.000	0	0.000	0.000	500,000	3.000	1.000			Pressure on Industry
Bauxite, Surinam	Long Ton	0	0.000	0.000	0	0.000	0.000	2,590,000	20.000	7.000		X	Pressure on Industry
Beryl	Sh.Ton	0	0.000	0.000	0	0.000	0.000	9,800	3.000	1.500		X	
Fluorspar, Acid Gr.	Sh.Ton	0	0.000	0.000	0	0.000	0.000	100,000	3.500	2.000		X	Pressure on Industry
Palladium	Troy Oz.	0	0.000	0.000	0	0.000	0.000	200,000	7.600	7.600	X	X	
Tantalum	Pound	0	0.000	0.000	0	0.000	0.000	500,000	6.000	5.000	X		
Misc. Items		-	36.025	34.000	-	34.000	34.154	-	34,000	34.154			Markets Saturated
Totals			871.240	881.730		216.700	236.766		804.506	695.641	5	15	

TABLE 5

CONGRESSIONAL AUTHORITY REQUIRED FOR ATTAINMENT OF FY 1968 SALES PROGRAM ($695 Million)

Material	Unit	Quantity	Sales ($ Millions)	Cash Receipts ($ Millions)
Bismuth	Lb.	700,000	2.8	2.8
Chromite, Metallurgical	Sh.Ton	200,000	5.0	4.5
Copper	Sh.Ton	200,000	150.0	150.0
Industrial Diamonds, Stones	Carat	2,200,000	27.5	-0-
Lead	Sh.Ton	39,000	10.9	10.0
Magnesium	Sh.Ton	26,000	16.6	14.4
Molybdenum	Lb.	4,300,000	7.0	5.4
Nickel	Lb.	100,000,000	83.3	83.3
Platinum	Tr.Oz.	450,000	49.5	33.0
Zinc	Sh.Ton	37,500	9.0	8.0
Industrial Diamonds, Bort	Carat	13,500,000	31.4	7.9
Bauxite, Surinam	L.Ton	2,590,000	20.0	7.0
Beryl	Sh.Ton	9,800	3.0	1.5
Fluorspar, Acid	Sh.Ton	100,000	3.5	2.0
Palladium	Tr.Oz.	200,000	7.6	7.6
		TOTAL	427.2	337.3

17 August 1967

ANALYSIS OF INDIVIDUAL COMMODITIES

IN THE SALES PROGRAM

Aluminum - Participating industry is required to buy 90,300 tons minimum or the government business load, if greater, up to a maximum of 180,600 tons, each calendar year. Credits may be built up against future obligations. Industry purchased 348,844 tons ($170,000,000) from November 1965 through December 1966 (the first program "year" against a flat guarantee of 150,000 tons and thus can use its credits in CY 1967). Business is down and production capacity up, and consequently the estimate of sales are now unattainable without pressure on the industry. The budget estimate of 400,000 tons FY 1968 sales represented only 10 percent of the current annual U. S. consumption and approximately equalled the DoD requirement. The present minimum projection is 60,000 tons, and the recent maximum estimate of 200,000 tons will require the strongest possible pressure on industry to buy something it does not need to buy, is not obligated to buy, and can produce cheaper. To attain the $881 million projection it will be necessary to persuade industry to draw down the full 400,000 tons originally estimated. No problem with stockpile objective or legislation.

Aluminum Oxide - Recent and foreseeable economic activity levels indicate that the 10,000 ton minimum and maximum estimate probably can be accomplished but not exceeded. The market conditions are not good. No problem with stockpile objective or legislation. Industry is operating at about 70 percent of capacity now. Annual consumption is approximately 195,000 tons.

Bismuth - There are 1,200,000 pounds excess to the objective, and a bill is pending in Congress to authorize its sale. It has passed the House. The Budget estimate of 700,000 pounds FY 1968 sales is still feasible if the bill clears Congress soon. The GSA minimum projection of zero was by virtue of the assumption therein of no legislative action. Legislation still is required, but no stockpile objective reduction. This material is in short supply. Domestic industry supplies half of the annual consumption of 3.2 million pounds.

Chromite, Metallurgical - The budget projection of 400,000 tons was reduced by GSA to a certain 200,000 tons, because the stockpile excess

is not high-grade material and is usable by industry only in limited amounts. There is a market for good-grade ore in view of the embargo against Rhodesia. There also is in stockpile a large excess of Ferrochromium, a further processed form. Our revised projection of 400,000 tons contemplates agreement by OEP which can be done administratively to credit the excess Ferrochromium against the Chromite ore objective; thus freeing up additional high-grade ore for sale. Industry would support the ore disposal, but would strongly oppose the disposal of Ferrochromium. No objective reduction is needed. Further disposal legislation is needed.

Cobalt - GSA reduced the 4,000,000-pound budget projection to a 2,674,000-pound minimum based on reduced demand and marketing problems. This has been raised back to 4,000,000 pounds maximum projection assuming a more liberal pricing policy. The major sources are the Congo and Canada, and producers will accuse the U. S. of undercutting market prices. No problem exists with stockpile objective or disposal legislation. U. S. consumption is 17 million pounds annually.

Columbium - The budget estimate of 3,500,000 pounds is felt by GSA to be unreachable. Both minimum and maximum present projections are 3,000,000 pounds. No objective or legislation problem. Annual U. S. consumption is approximately 3 million pounds. The large purchase is due to the extraction of tantalum obtained from processing Columbium.

Copper - The budget estimate of 258,946 tons contemplated complete liquidation of the remaining inventory. This would require eliminating the 775,000-ton objective and obtaining Congressional clearance to sell the inventory or, alternatively, a further Section 5 release by the President. The latter would be most difficult to justify if the objective stands, because we are already down to one-third of that objective. GSA minimum projection contemplates no sales of copper, simply collection of $21,280,000 for previously released and sold copper not yet shipped out and paid for as of June 30, 1967. We believe that a review of the objective, using reasonable assumptions as to wartime supply, would result in a zero objective except possibly some 50,000 tons of special purpose high-quality material provided only by one U. S. refinery. The GSA-DoD 200,000 ton maximum projection for FY 1968 sales contemplates drastic reduction or complete elimination of the objective, plus legislative clearance within the next few months. Although the objective

review could proceed now, submission of disposal legislation prior to settlement of the present copper strikes would be unwise. Except for the impact of the strike, the market has eased considerably. A 200,000-ton sale assumes sale on open market, without restrictions. Complete liquidation of the copper stockpile probably would draw substantial opposition in Congress. U. S. copper consumption is over 3,000,000 tons annually.

Cordage Fiber, Abaca (Manila Fiber) - The budget estimate of 15,000,000-pound sales has been reduced to 14,000,000 pounds because this is the maximum the State Department would accept in view of the importance of this item to the Philippine economy. GSA feels it could sell a maximum of 20,000,000 pounds if the foreign policy objection can be set aside. No problem with objective or legislation. U. S. consumption is 83 million pounds annually.

Cordage Fiber, Sisal - GSA had raised the budget estimate of 40,000,000 pounds to 41,000,000 pounds, and does not feel it could sell any more except by dumping. No stockage objective or legislative problems exist. U. S. consumption is approximately 100 million pounds.

Industrial Diamonds, Stones - At the insistence of the diamond industry, the present legislative sales authority limits sales in the U. S. to 90,000 carats per year. This factor limited both the budget estimate and the GSA minimum projection. If sale to the Syndicate could be made (to which Justice informally objects), the entire 1.8 million carats now authorized for sale, plus an additional 2.2 million carats requiring authorization, could be sold, although probably only about 25% would be delivered and paid for in the first year. The maximum projection of 4.0 million carats sales in FY 1968 thus requires--

(a) clearance to sell to the Syndicate, and

(b) additional legislation.

The stockpile objective is no problem.

Lead - The budget estimate of sales of 100,000 tons was most optimistic. Present unused sales authority of 84,000 tons includes 48,000 restricted to direct Government use, of which there is very little, leaving only 36,000 tons for sale to industry. The lead producers threaten to block any attempt to obtain additional sales legislation, and unless they can be

convinced to go along, they probably can block it. Thus GSA reduced its projection to 36,000 tons. Assuming the necessary persuasion can be placed on the industry and legislative authority obtained by September 30, 1967, maximum sales at the 100,000-ton annual rate, or 75,000 tons for the balance of FY 1968, appear possible. Objective already is zero. Attainment of the $881 million sales program would require that the 75,000-ton program be increased to 200,000 tons. U. S. lead consumption is about 1.3 million tons.

Zinc - The situation parallels lead, and the same actions would be required to permit the maximum projected sales of 75,000 tons to be made. Many of the major producers of lead and zinc are identical. The stockpile objective already is zero. Attainment of the $881 million sales program would require that the 75,000-ton program be increased to 200,000 tons. U. S. zinc consumption is about 1.5 million tons.

Magnesium - The budget estimate of 55,000 tons contemplated sale of the amount made excess by a recent reduction in stockpile objective. Legislation to authorize sale is still pending in Congress. GSA hence eliminated this item in making its minimum projection. On the assumption that this bill will pass in the next two months, the estimate is reinstated, but at only 26,000 tons. This reflects lost time, during which industry recast its plans and now is producing at a higher rate. U. S. consumption is 87,000 tons. The market is tight in this item now, but new production facilities are being installed by DOW.

Manganese Ore, Metallurgical - The budget estimate and all subsequent sales estimates were 400,000 tons for FY 1968. There are some problems in marketing this item, but GSA feels it can work these out. There is no problem of the objective or legislation. U. S. consumption is 2.3 million tons.

Molybdenum - The budget estimate of 40,000,000 pounds of FY 1968 sales was entirely unrealistic. Annual U. S. consumption is about 60,000,000 pounds. The GSA minimum projection reduced the sales figure to 700,000 pounds because only that amount is now cleared for sale by Congress. A pending bill would release an additional 15,000,000 pounds. Under current and prospective market conditions, GSA feels it could sell 5,000,000 pounds in FY 1968 after Congress passes the pending bill. The 5 million pounds per year is in line with the legislative history. This amount is included in the maximum projection. The objective is no problem. Attainment of $881 million program added 10 million pounds, which contemplates resale to the two major producers.

Nickel - The budget program included 30,000,000 pounds. At that time it was expected the objective would be reduced from 100,000,000 to 30,000,000 pounds, thus freeing up the 70,000,000 pounds for sale in FY 1967. The FY 1968 program contemplated sale of the remaining 30 million pounds. The objective actually was reduced by OEP to 40,000,000 pounds, thus making 60,000,000 available for sale in FY 1967 if Congress had approved promptly. The GSA minimum program included no sales of nickel in FY 1968 because the bill was rejected by the Senate Armed Services Committee. The present GSA-DoD maximum sales production is the entire inventory of 100,000,000 pounds, which amount could be sold readily in FY 1968 assuming--

(a) the objective is reduced to zero under the revised State/DoD assumption, and

(b) Congress approves sale of the 60,000,000 pounds now excess to the stockpile objective plus the additional 40,000,000 pounds after the elimination of the objective.

Nickel is in short supply. Demand exceeds supply. U. S. consumption in FY 1966 was 410 million pounds, but limited by availability. Consideration could be given to its release under Section 5 in view of the tight market and the strategic nature of the material.

Platinum - The objective has been reduced from 450,000 to 335,000 ounces. GSA had anticipated Congressional clearance to sell the 115,000-ounce difference during FY 1967 and the FY 1968 budget projection anticipated the complete elimination of the objective and sale of the additional 335,000 ounces in FY 1968. Congress did not pass the 115,000-ounce sales approval in FY 1967, hence the entire 450,000 ounces remain in the stockpile. The GSA minimum FY 1968 sales projection included no platinum due to lack of legislative clearance. This material is in short supply. GSA feels it could, in FY 1968, sell the entire 450,000 ounces, with collection possible for 300,000 ounces provided--

(a) the stockpile objective is further reduced to zero, and

(b) Congress approves the pending request to sell 115,000 ounces plus a further request to sell the additional 335,000 ounces.

U. S. consumption in 1966 was about 650,000 ounces, but limited by availability.

Rubber - This is a matter of international economic policy. The budget estimate included FY 1968 sales of 170,000 tons, whose annual rate was approved in early CY 1966. The 170,000-ton program was being supported by DoD through insertion of clauses in all tire contracts requiring the contractor to purchase rubber from GSA to the extent of 50% of the dollar value of the tires (despite the fact that less than 20% of the value of a tire is rubber cost). State Department intervention on behalf of the SEA rubber-producing countries resulted in the sales rate being reduced to 120,000 tons per year starting January 1967 and 70,000 tons per year starting July 1967. We have had to change our tire contract clause to require purchase from GSA of only the actual rubber content. The GSA minimum FY 1968 projection shows the presently established limitation of 70,000 tons. The maximum projection just prepared calls for FY 1968 sale of 150,000 tons and assumes--

(a) immediate reinstatement of the 170,000-ton annual rate, and

(b) a reversal of our recent contract clause change.

The first requirement is extremely speculative, but must be met if this substantial dollar item is to be sold faster. The second action will cause severe criticism by the tire industry, but this can be met. There are no objective or legislation problems. U. S. consumption of natural rubber is 550,000 tons and world consumption is 2.4 million tons. To attain the $881 million will require sales above the 170,000-ton level.

Tin - The tin problem is similar to the rubber problem. The FY 1968 budget program called for sales of 22,000 tons, but this has been reduced by GSA to 10,000 tons because of pressure on them by State to help maintain the floor price set by the International Tin Council. GSA feels it could sell 16,500 tons in FY 1968 provided it can be released from these restrictions. Demand and supply are in balance. The stockpile objective is no problem, nor is Congressional approval to sell excess tin. U. S. consumption is 60,000 tons. To attain the $881 million will require sales above the 16,500-ton level, selling freely and competitively in the market.

Tungsten - The budget program of 8,000,000 pounds has been increased by GSA to 10,000,000 pounds due to improved world market conditions. This

could be upset if Red China, the world's largest producer, re-enters the market. GSA feels the 10,000,000 pounds is feasible, provided they can have some price latitude. This is an international problem involving State Department commitments to Bolivia and Korea. There are no limitations imposed by the stockpile objective or lack of legislation. U. S. consumption is over 17,000,000 pounds.

Vanadium - The budget program of 2800 tons of sales in FY 1968 was reduced by GSA to 1500 tons due to lower steel demands and increased production (Union Carbide). It is felt that this remains as the maximum potential. This is strictly a GSA marketing problem. The stockpile objective is no limitation and Congressional authority is ample. U. S. consumption is 5,400 tons.

Industrial Diamonds - Crushing Bort - Despite a substantial excess inventory, this item was not included in the sales rejections because of foreign policy consideration affecting the Congo. This low grade of diamonds, used for diamond powder abrasives, is closely controlled by the Syndicate. The GSA procurement contracts gave the Syndicate first call on repurchase. GSA feels it could work out a buy-back arrangement for up to the entire excess of 13,496,000 carats, but with deliveries and payments over about four years. The potential sale and FY 1968 cash collection of $7,860,000 is not dependent on any adjustment of the objective but will require approval of Congress. U. S. consumption is almost 12,000,000 carats, but offsetting this is production of a synthetic demand by General Electric.

Bauxite - Two types are stockpiled, both of which are in an excess inventory position. The principal aluminum producers have opposed prior efforts by GSA to secure disposal legislation, on the basis that the objectives are too low and that the entire stockpile should be retained. If this opposition can be overcome, GSA feels it could sell a portion of the excess in FY 1968, amounting to $23,000,000 of sales and yielding cash collections in FY 1968 of $8,000,000. The necessary pressure on the aluminum industry to go along with this could be part of the action to obtain increased sales of stockpile aluminum this year. U. S. consumption is 12 million tons.

Beryl - This item was not included in the budget program due to possible market disruption. GSA now feels it could sell up to the entire excess amount of 9800 tons (in ore form) with about half, or $1,500,000 worth, to be delivered and collected in FY 1968. Recent increases in consumption would now permit a disposal program. Authority of Congress would

have to be obtained, but the stockpile objective is not a problem. GSA has forwarded proposed disposal legislation which is now pending in the Bureau of the Budget. U. S. consumption was 6000 tons and is rapidly increasing.

Fluorspar, Acid Grade - This item was not included in the budget program nor the GSA minimum projection because of strong producer opposition to disposal. If this can be overcome, and clearance obtained from Congress, GSA feels it could sell 100,000 tons in FY 1968. However, the opposition of industry is strong. U. S. consumption is approximately 600,000 tons, of which only 135,000 is from domestic producers.

Palladium - This was excluded from the budget program and the GSA minimum projection because the inventory of 800,000 ounces is substantially below the objective of 1,300,000 ounces. GSA feels it could sell 200,000 ounces in FY 1968 if the objective is reduced at least enough (to 600,000 ounces) to free up that amount and if sales authority by Congress can be obtained. We are of the opinion that the needed reduction in objective could be made; in fact, the objective possibly could be eliminated, as part of an over-all review based on realistic assumptions. It should be noted that in an attempt to fulfill the stockpile shortfall, GSA is in the process of contracting to obtain 200,000 ounces through exchange of other excess materials. U. S. consumption is 720,000 ounces.

Tantalum - The inventory has been drawn down to the objective of 3,400,000 pounds, hence no further sales were contemplated in the budget program or by GSA. It is believed that 500,000 pounds could be sold in FY 1968 if the objective is reduced. Sufficient inventory is in the DPA account and can be released without legislation. U. S. consumption is 774,000 pounds, limited by availability.

Miscellaneous Items - The Budget program of $36,025,000 sales and $34,000,000 cash collections cannot be significantly increased as a result of possible reductions of objectives and additional legislative sales authority. This group comprises about 50 small value items, and GSA sales predictions for FY 1968 reflect the maximum market potential.

Name	Date
McCalistan Office	10-21-68

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

75,000 tons (4)

EXECUTIVE
LA6/Copper
LE/LA
ND4-3
FA115
CM/Copper

July 31, 1967
7:00 pm.

FOR THE PRESIDENT

FROM: Joe Califano

Business and Defense Service Administration of the Commerce Department proposes issuing an order requiring copper producers to reserve inventories for defense orders during the next three months (August-October).

Inventory controls have not been invoked since 1953. While the inventory reservation order contemplated by BDSA is different than the inventory controls provided for during the Korean War, it is likely to be publicized as a similar type of Government action.

The order will in effect "lock up" sufficient copper stocks to meet defense orders during this period. It will prevent producers from converting their entire inventories into alloys they can sell for higher prices than they can get with defense products.

The effect of the order will be, howe
at which there are shortages of copp
also may put pressure on the price c

The current estimate is that copper
until sometime in September. Hope:
then. If it is not, civilian shortages
and there will be increasing pressur
injunction or to make a stockpile rel

I recommend that we allow BDSA to
have reviewed the situation with Due
is a prudent step to conserve copper
of the economic effects are not helpf
tough one no matter what we do.

If you approve, I will let BDSA go ah
will be prepared to answer any quest
of the action.

Approve: _____

Filed by Califano's office 1/5/68

THE WHITE HOUSE

WASHINGTON

July 31, 1967

FOR JOE CALIFANO

FROM Stan Ross

We got BDSA to cut down its order from 5 months to 3 months. It is now reasonable.

The main point in sending the memo is to make sure the President stays informed and sees the problems down the line. I do not think there is much choice about doing this.

I will be at home if you want to discuss this with me. BDSA is anxious to do this tomorrow.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

EXECUTIVE

CM/Copper
LA6/Copper
LE/LA
ND4-3.

FOR THE PRESIDENT

FROM: Joe Califano

Attached is a memorandum from Stan Ross setting out information on the copper situation and the measures that are being taken to conserve the supply of copper.

Supplies appear adequate if the strike does not last longer than about thirty days. There will be some problems for particular firms during this period, but there should be no general shortages.

After the strike passes thirty days, there will be increasing difficulties. While defense needs can be met, non-defense uses will begin to be really pinched. We may need after 45 to 60 days to invoke Taft-Hartley or to make stockpile releases. For various reasons, I would guess that we would use Taft-Hartley not the stockpile.

Various conservation measures are in effect--export controls, GSA substitution regulations, defense set-asides and allocations, previously authorized stockpile sales, etc. These measures will be used to the best effect. There does not appear to be any additional measures that we need authority for.

There will be considerable price pressure following the strike. The strike will only add to what was a short supply situation in any event. We can expect that the settlement will be a large one and that the companies will attempt to raise prices substantially. This is a problem we will have to deal with as we go along.

Attachment

Filed by Califano's Office 1/5/68.

Ask Wirtz to give me a report on this.

LBJ/mf
7-18-67
11:00p

JMT/gw

MEMORANDUM

EXECUTIVE

ND 4-3
PQ 1
FG 11-6

THE WHITE HOUSE

WASHINGTON

July 18, 1967
Tuesday, 11:50 a.m.

FOR THE PRESIDENT

FROM Joe Califano

I notice that Governor Bryant is on your schedule today. Everyone reports to me that OEP is the biggest bottleneck in moving on the stockpile objectives. Ultimately I think we will have to set up some kind of committee to look at stockpile objectives across the board (chaired by McNamara with me as Executive Secretary).

Bryant keeps telling me that you have never talked to him about the stockpile and never indicated your interest in disposing of them.

It would be very helpful to us, if you do see Bryant, if you could mention the importance of the stockpile disposal program, the need to reduce objectives, and the fact that Stan Ross and I are working on it.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 18, 1967
Tuesday, 11:50 a.m.

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EXECUTIVE

ND 4-3
FG 11-6
FG

(2)

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 23, 1967

MEMORANDUM FOR JOE CALIFANO

FROM: Stan Ross SR

Jim Duesenberry, Joe Moody, John Robson, Larry McQuade, Glen Gibson, and I held a meeting this afternoon with Bill Lawrence of OEP to go through in detail how stockpile objectives were set. The meeting was also attended by working-level people from OEP, CEA, Commerce, Defense, and State. Governor Bryant is overseas and was not in attendance. Governor Peabody was there and indicated that Governor Bryant was making stockpiles a major area of his responsibility.

We covered generally the procedures and ground rules involved in setting stockpile objectives. We then went on to a specific commodity--nickel--and attempted to work through the procedures and ground rules in that particular case. While we covered a good deal of ground, OEP was not able to answer detailed questions raised by various of us. Accordingly, they will have to do some further preparation and we will have to have another meeting to follow through on the exercise. I urged that they do their additional work as soon as possible and that we hold the next meeting in the very near future. I am afraid it may take more than just another meeting to pin them down, but we will press forward until we are satisfied.

It is clear that OEP's basic position is that the stockpile objectives are about as low as they can be under present ground rules. I also have the impression they feel that present ground rules should not be altered. The ground rules are set by Presidential directive.

It may be that some of the procedures and ground rules used in setting stockpile objectives are not sound, and that changes would be in order. It is not possible, however, to determine this until we hold our further meetings and pin OEP down on the details. The Defense representatives seemed to feel that some of the assumptions (e.g., not counting on overseas supplies) could be changed.

OEP estimates that given present objectives sales for fiscal year 1968 will total $336.8 million. They also calculate that even if all objectives

were reduced to zero, given current economic conditions, sales would be $714 million. The estimate for total sales contained in the fiscal year 1968 budget is $889.9 million. I am having Joe Moody prepare an analysis of the points of difference between OEP's calculations and those contained in the budget. A quick look indicates that one of the principal differences concerns the amount of aluminum that may be taken down next year.

The things I see coming out of this stockpile review are:

1. A firm idea of what amounts of the stockpile are excess and may be sold during fiscal year 1968.

2. An understanding of present stockpile practice, so that we can determine whether there should be some full-scale review (for example, a White House task force).

I will keep you informed as we go forward with the next meetings.

EXECUTIVE
LE/ND4-3
ND4-3

cc: O'Brien

April 14, 1967
10:30 a.m.

MEMORANDUM FOR THE PRESIDENT

FROM: Henry H. Wilson, Jr.

The nickel stockpile bill is out of the House committee and Philbin intends to bring it up for unanimous consent on April 19 or 20.

If he fails to get unanimous consent will then move to the suspension calendar.

No trouble is expected, however.

EXECUTIVE
ND 4-3
CM/Nickel
FG 11-1
FG 115

(3)

w/ mc

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D. C.

March 24, 1967

MEMORANDUM TO MR. CALIFANO

Subject: Nickel

1. Supply-Demand Situation. There will be a deficit in the supply of about 8 million pounds per month beginning in April. The major issue is whether it can be met out of inventories or a release from the stockpile is needed soon. OEP apparently feels that a release is needed. CEA thinks it may be a couple of months before things are critical, but agrees supplies are running out. Defense needs will be met in any event, so it is the growing nondefense demand that will feel the pinch.

   Conclusion: Nickel needs to be made available to prevent severe nondefense shortages and to keep the price from raising dramatically for defense and nondefense users.

2. Alternatives:

   a. Passage of pending excess legislation. There are 100 million pounds in the stockpile. In January, OEP lowered the objective to 40 million pounds, leaving 60 million pounds as excess. GSA has a bill before the House Armed Services Committee to receive authorization to sell the excess. Hearings will be held around April 5-7. Moody and Harlan of GSA predict rough going in the House, and, even if it gets through, no action in the Senate because of opposition of Russell and Symington.

   b. Section 5 release. The President can release amounts "required for purposes of the common defense." This has never been done before, however, while a bill was pending before Congress. The problem here is political, not legal. Richmond of Justice agrees the legal criteria can be satisfied by a showing of severe shortages (as was done with copper). It may be hard to explain, nonetheless, why executive action was justified when Congress had the matter before it for legislative action.

The seeming inconsistency may be mitigated by a careful statement of the terms of the release and by varying the amount of the Sec. 5 release from the amount of the excess bill. For example, the release could be for 24 million pounds, 8 million pounds during April, May, and June, on the ground of relieving the current critical shortage while giving Congress adequate time to consider the pending excess bill.

c. Purchase or Loan from Treasury. The Treasury has sufficient nickel (purchased from the stockpile) to sell or loan 30 million pounds. The major problem with this is that it may be seen as a "tricky" action, a way of avoiding the restrictions of the stockpile legislation. Also, a loan will not produce any revenue.

3. Recommendation. The problem is basically a political one and the Congressional reaction to the alternatives ought to be gauged as soon as possible. If the pending excess bill can get through, that is the best solution. Even if it takes until May, shortages are not likely to become critical in the interim. If the excess bill is not going to get through, will an executive release (Section 5 or Treasury sale-or-loan), cause an adverse reaction, and of what order? Some have speculated that a nickel release could be the occasion for a Congressional review of the whole stockpile program, which would place the current disposal program in jeopardy.

Stanford Ross

Stanford G. Ross

GENERAL SERVICES ADMINISTRATION
WASHINGTON 20405

March 11, 1967

EXECUTIVE (3)
PQ1
76240
CM/Nickel
ND 4-3

OFFICE OF THE ADMINISTRATOR

MEMORANDUM TO: Honorable Joseph A. Califano, Jr.
Special Assistant to The President

SUBJECT : Current Status and Outlook F/Y 1967
Stockpile Disposal Program

As you know, the F/Y 1967 cash receipt estimate from sale of excess stockpile materials included in the 1968 budget is $807.2 million.

Confirming our discussion of yesterday, our sales and income projections upon which this estimate was based anticipated enactment early in this session of legislation authorizing disposal of six excess materials valued at $130 million, including 60 million pounds of nickel valued at $50 million. Our $807 million cash receipt estimate included $84.8 million from these six materials of which $39.2 million was from nickel sales.

Although all six bills were introduced in the House on February 2, no hearings have been scheduled and the best advice we can obtain (see attached excerpts from Administrator's 2/24 and 3/10 Bi-Weekly Report to The President) affords no basis to expect hearings prior to the Easter recess, and we have been unable to obtain a firm commitment for action on the bills even at that time.

Receipts to 3/3/67, against the $807 million goal, total $395.1 million. Careful analysis of the outlook for the remainder of the fiscal year in the light of experience to date, the supply-demand situation, existing economic conditions and future trend indicators, strongly suggest that total cash receipts from stockpile sales in fiscal year 1967 will fall about $92 million below the budget estimate, or about $715 million (including $25 million from nickel to be authorized) and this assumes passage of the pending six stockpile disposal bills by April 15, 1967.

If these disposal bills are not passed until May 15, the cash receipt estimate must be further reduced to $684.5 million (including $11.1 million from nickel) a shortfall of $122.6 million below the budget estimate.

If the disposal bills are not passed this session the cash receipt estimate must be further reduced to $665.2 million under the current outlook.

Form DOT F 1320.1 (1-67)

UNITED STATES GOVERNMENT

Memorandum

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

DATE: February 7, 1967 (4)

In reply refer to:

EXECUTIVE

ND 4-3.
Cm/Aluminum
4/4/75
4/4/125

SUBJECT: May Aluminum

FROM : John E. Robson
General Counsel

TO : Marvin Watson

I have talked to Assistant Secretary Ignatius concerning the May Aluminum situation and to Tom McDermott of the Company. Briefly, the situation is as follows:

1. The demand for 2-piece aluminum mat is down.

2. It will be several months before any more of this product is procured and future procurement is expected to be smaller than in the past.

3. The reason May has not been getting business in recent procurements is that they have been under bid.

4. Apparently the extruding facility can be converted to other military or civilian use.

I told Mr. McDermott that this was as hard a prognosis as we could give at the present time and he seemed to be satisfied with this.

John

John E. Robson

RECEIVED
JOE CALIFANO, JR.

1967 FEB 9 AM 10 09

EXECUTIVE

gah/

EXECUTIVE (2)
PQ 1
76 240
ND 4-3

Tab A

GENERAL SERVICES ADMINISTRATION
WASHINGTON 20405

FEB 1 1967

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR: Honorable Joseph A. Califano, Jr.
Special Assistant to the President

As you know, we have been working with Tony Solomon in an effort to broaden our markets for excess stockpile materials to include foreign users. The original approach will be made through Tony and his Commercial Attaches in selected missions abroad.

In developing the list of commodities and framing-up a sales plan for them a question has arisen as to whether, in view of the provisions of the Defense Production Act prohibiting sales of material acquired thereunder at "less than * * * the current domestic market price for such commodity * * *", we are authorized to price such commodities competitively in the foreign markets.

There is some legislative history on the question which, although unfavorable, may not be controlling. We have discussed the question with Marty Richman and enclosed for your information is a copy of a request for an opinion which we have submitted to Frank Wozencraft. I have forwarded a copy of this memorandum and the enclosure to John Robson and Tony Solomon.

J. E. Moody
Deputy Administrator

Enclosure

EXECUTIVE
ND 4-3
cm/Aluminum
PR 10

2/1/67

ew/gh

Aluminum Stockpile Picture

Tons	Authority	Remarks
770,000	Defense Production Act (PL 81-774)	Can be sold without Congress. Is surplus.
673,000	National Stockpile ACT [redacted] (PL 79-520)	Needs Congressional authorization. Is surplus.
450,000	National Stockpile ACT (PL 79-520)	Needs Congressional authorization. Is not surplus.

Total Stockpile

770,000 (Surplus - Don't need Congress)
673,000 (Surplus - Need Congress)
450,000 (Not surplus - need Congress)
1,893,000 tons of which 1,443,000 is surplus

gaby

EXECUTIVE
SP 2-2
FG 240
ND 4-3

GENERAL SERVICES ADMINISTRATION
WASHINGTON, D.C. 20405

January 17, 1967

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR: Honorable Gardner Ackley
Chairman, Council of Economic Advisers

Pursuant to request of the Honorable Joseph A. Califano, Jr., Special Assistant to the President, submitted herewith is a proposed section dealing with stockpile disposals for inclusion in the President's Economic Report.

(Signed) J. E. Moody

J. E. Moody
Deputy Administrator

Enclosure

cc: Honorable Joseph A. Califano, Jr.

EXECUTIVE

(2)

ND4-3
CM/Copper
FA11-1

MEMORANDUM FOR MR. JOSEPH A. CALIFANO

FROM : John E. Robson

SUBJECT: Copper

Rec'd 1/14/67

1. Background

a. Present stockpile inventory 409,000 tons. The stockpile objective is 750,000 tons.

b. Set-asides are allocations of material for Defense purposes fixed quarterly by Commerce upon the advice of Defense. Supplemental allocations are made under "directives" which are issued on an ad hoc basis. The set-asides are set in percentage figures which represent a percentage of the average quarterly production of domestic refined copper in 1965 (approximately 335,000 tons). Set-asides were first extended to producers of copper in the second quarter of 1966. Set-asides and directives during 1966 have been as follows:

	2nd Qtr.	3rd Qtr.	4th Qtr.
Set-asides	10%	13%	18%
Directives	8%	11%	5%

c. Estimated Defense requirements for 1967 are 400,000 tons. Commerce advises that this would require set-asides of 29%.

2. Alternative Proposals

a. Announce set-asides for the next two quarters instead of the next quarterly only. The announcements would specify that the set-aside rates were subject to continuing review. There are several alternatives in structuring set-aside levels on a two-quarter basis:

EXECUTIVE

MEMORANDUM FOR MR. JOSEPH A. CALIFANO

FROM : John E. Robson

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1. Background

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	2nd Qtr.	3rd Qtr.	4th Qtr.
Set-asides	10%	13%	10%
Directive	8%	11%	5%

c. Estimated Defense requirements for 1967 are 400,000 tons. Commerce advises that this would require set-asides of 25%.

2. Alternative Proposals

a. Announce set-asides for the next two quarters instead of the next quarterly only. The announcements would specify that the set-asides rates were subject to continuing review. There are several alternatives in structuring set-asides levels on a two-quarter basis:

First Quarter	Second Quarter
21%	25%
22%	26%
26%	26%
26%	28%

This would be accompanied by a stockpile release of 150,000 to 175,000 tons. We could specify that it was anticipated that approximately 2/3 of the amount released would be disposed of during the first half of calendar 1967.

b. Announce 29% set-aside for the next two quarters. Release 175,000 tons. This has the advantage of making the set-asides entirely realistic.

c. Announce a 26% set-aside for the first quarter of 1967. Plan to keep it at 26% for the second quarter (but don't announce that). Release 150,000 to 175,000 tons.

d. Announce 25% set-aside for the next quarter. (This would be an increase over fourth quarter 1966 set-aside about equal to the percentage increase of fourth quarter 1966 set-aside over third quarter set-aside). Release 150,000 tons.

e. Announce 23% set-asides for the first quarter 1967. Do not make a release at this time. In early January announce the set-asides for the second quarter at 26% or 27% and release 150,000 to 175,000 tons.

f. Announce 22% set-aside for the first quarter 1967. Release 150,000 tons. Plan to raise set-asides to 26% in the second quarter.

MEMORANDUM

EXECUTIVE
BE 5-2
CM/Aluminum
FI 11-3
ND 4-3
FI 115

THE WHITE HOUSE

WASHINGTON

12:30 P.M., Wednesday
January 11, 1967

FOR THE PRESIDENT

FROM: Joe Califano

Olin Mathieson called Gardner Ackley and John Robson this morning. They want to meet before noon tomorrow to talk about an aluminum price increase.

With the long term purchase arrangement with the aluminum companies now in effect, our stockpile lever is probably gone. We are, however, checking on what pressure points we have.

Ackley, Robson and I believe that we will not be able to ward this off without escalating the level of contact within the Government.

I recommend that Gardner and Robson talk with McNamara to work out some strategy.

Approve ✓ Disapprove _____

Robson chorsicle
2:45, 1/11

1-11-67
12:52 PM

EX

CONGRESSIONAL

EXECUTIVE

LE/ND4-3 (3)+
ND4-3
FG11-6
PR1

Kardy

Dear Phil: Dec 2, 1966

In summing up the accomplishments of the 89th Congress, we have taken special satisfaction in the passage of the stockpile disposal bills.

This is to express my appreciation to you and your Subcommittee for your outstanding work on these measures. The agenda was long, and I am aware of the problems that were involved in several of the bills. I congratulate you on the patience and persistence that brought about their solution and the enactment of the stockpile disposal program, which will benefit both the government and private industry.

With best personal regards and good wishes,

Sincerely,

LBJ

Honorable Philip J. Philbin
House of Representatives
Washington, D. C.

LBJ:HHW:JL:jf

EXECUTIVE

ND4-3
CM/Copper
ND4-3-1 18000
FG 11-6
FG 110
FG 115
FG 155
FG 105
FG 11-3
FG 135

(8)

December 1, 1966

MEMORANDUM FOR

Honorable Farris Bryant
Director
Office of Emergency Planning

I approve the recommendation of the Office of Emergency Planning and the recommendations of the Secretaries of Treasury, Defense, and Commerce, the Acting Secretary of State, and the Chairman of the Council of Economic Advisers regarding the release of 150,000 tons of copper from the national stockpile.

In accordance with the provisions of Section 5 of the Strategic and Critical Materials Stockpiling Act, as amended (50 U.S.C. 98d), and based on the recommendations mentioned above and the opinion of the Acting Attorney General, I herewith determine that such release is required for purposes of the common defense. Disposals should be made through regular producer channels solely for defense and defense-supporting users, as necessary. Disposals should be made on a periodic basis in such a way as to facilitate the orderly distribution of copper supplies to fulfill defense needs.

The efforts initiated by me in March 1966 to make satisfactory arrangements for replenishment of the copper supply in the national stockpile at the earliest practicable future date and to expand domestic copper production through selective use of Government programs available for that purpose, should be continued on an accelerated basis.

Lyndon B. Johnson

LBJ:JACJr:JER:pw

Sent by Hand - 12/3/66

11-29-67 COPY TO MRS FRYE IN STAN ROSS OFF. BUREAU OF BUDGET

EXECUTIVE

DRAFT OF WHITE HOUSE STATEMENT

Upon the recommendations of the Secretaries of Defense, State, Treasury, Commerce, the Council of Economic Advisers, the Office of Emergency Planning, and the opinion of the Acting Attorney General, the President signed an order today for the release of up to 150,000 tons of copper from the Strategic and Critical Materials Stockpile. Disposals will be made on a periodic basis through regular producer channels solely for defense and defense-supporting users, as necessary, and in such a way as to facilitate the orderly distribution of copper supplies to fulfill defense needs. Disposals will be designed to avoid disruption of normal schedules of production and distribution.

The Commerce Department will announce revision in the percentage of refined copper set-asides for defense rated orders covering the first two quarters of 1967. These set-asides for producers of domestic copper will be at a level of 26% of 1965 average [monthly] QUARTERLY production for the first quarter of 1967 and 29% for the second quarter. These quarterly set-aside levels cover, respectively, only ~~2.6%~~ 10% and ~~2.9%~~ 11.6% of expected ~~1967~~ total domestic copper supply for the first and second quarters of 1967.

The President has directed that efforts he initiated in March 1966, be stepped up to make satisfactory arrangements for replenishment of the copper supply in the national stockpile at the earliest practicable future date and to expand domestic copper production through selective use of Government programs available for this purpose.

Lawson Knott, the Administrator of General Services Administration, reported that the copper expansion program the President ordered in March shows promise of increasing copper production beginning in 1968 through the opening of new mining areas. Mr. Knott believes that beginning in 1968 and continuing through 1971, he will bring in about 200,000 tons of additional copper. By 1972, Mr. Knott reports that the program will have expanded ~~the~~ copper production ~~will be expanded~~ by 200,000 tons ~~each~~ a year.

Total domestic supply of copper in 1967 is expected to be approximately 3.3 million tons.

1st Draft
Changes Marked

DRAFT OF WHITE HOUSE STATEMENT

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The President has directed that efforts he initiated in March 1966, be stepped up to make satisfactory arrangements for replenishment of the copper supply in the national stockpile at the earliest practicable future date and to expand domestic copper production through selective use of Government programs available for this purpose.

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~~an additional~~

By 1972, Mr. Knott reports the copper production will be expanded under the program by 200,000 tons each year.

~~and that production can be expanded under the program by 200,000 tons a year by 1972.~~

EXECUTIVE

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

December 1, 1966

MEMORANDUM TO MR. JOSEPH A. CALIFANO

FROM : John E. Robson

SUBJECT: Copper

Attached are the following:

1. Memorandum from you to the President recommending the 150,000 ton release and the 26% - 29% set-aside program. The release has been recommended or approved by the following who have signed or initialed the memo (in some cases not very legibly): Secretaries MacNamara, Conner, Fowler, Acting Secretary Katzenbach, Chairman Ackley, Acting OEP Director Blee and Acting Attorney General Clark. In each case I secured the signature personally.

2. Draft of a directive from the President to OEP in which the necessary Presidential finding is made and the release authorized. It seems to me that this should be formalized prior to public announcement.

3. Draft of White House press release. After checking it out with Joe Moody, I have changed the prior language regarding the copper expansion program (last paragraph). As previously worded, it said that 200,000 additional tons would come in <u>each year</u> beginning in 1968, or 800,000 tons in the period 1968-71. This is a 400% overstatement and could, I believe, expose us to some damaging publicity and Congressional ill will if the statement is probed. For your convenience the prior draft with the changes marked on it is also attached.

4. Copper "background" memo for your reference.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

10:30 a.m., Thursday
December 1, 1966

FOR THE PRESIDENT

FROM Joe Califano

SUBJECT Copper Release

1. The following plan for a copper stockpile release is presented for your consideration:

- Authorize release of 150,000 tons to be allocated solely to defense and defense-supporting users. We would plan to distribute about 100,000 tons by June 30, 1967, but will leave the distribution plan sufficiently flexible to accelerate or slow down.

- Announce the following set-aside levels for the first and second quarters of calendar 1967:

1st quarter	26%
2nd quarter	29%

This program will raise set-asides in two jumps to the level necessary to cover anticipated Defense requirements. Fixing set-asides for two quarters instead of the usual one and distribution of the larger part of the stockpile release during the next six months, should help producers adjust their production and sales schedules to meet increased Defense needs in an orderly manner.

2. The following recommend the release of 150,000 tons of copper from the National Stockpile as required for purposes of the common defense. In addition, the Secretary of Commerce recommends the above set-aside levels.

CEA Gardner Ackley Commerce John T. Connor

Defense Rusk OEP Myron R. Sher

State Dean Rusk Treasury Henry H. Fowler

3. It is the opinion of the Acting Attorney General that, in the present circumstances, the President may, under the authority of Section 5 of the Strategic and Critical Materials Stockpiling Act (50 U.S.C 98d.), authorize release of up to 150,000 tons of copper from the National Stockpile.

Ramsey Clark

Ramsey Clark

4. Attached are a directive to OEP authorizing the release (to be signed if you approve) and a suggested White House press statement. I recommend that you sign the directive.

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

December 1, 1966

MEMORANDUM FOR MR. JOSEPH A. CALIFANO

FROM : John E. Robson

SUBJECT: Copper Background

1. Supply-Demand (in thousands of short tons)

	1966	1967	1968
Total Net Domestic Copper Supply*	3,510	3,340	3,446
Demand			
Defense	250	400	400
Non-Defense	3,154	3,253	3,379
Total	3,404	3,653	3,779
Deficit or Surplus	+106	-313	-333

*Includes domestic production, imports, prior stockpile releases less exports.

2. Stockpile

Objective: 750,000 tons

Present Inventory: 409,000 tons

Last two releases: November, 1965 200,000 tons
March, 1966 200,000 tons

Inventory after 150,000 ton release: 259,000 tons

3. Defense requirements (calendar years - in thousands of short tons)

1965	1966	1967	1968
64	250	400	400

4. Set-aside and Directive Program (Set-asides and directives establish allocations for defense requirements under authority of Defense Production Act. Set-asides are fixed by Commerce upon the advice of Defense. Directives are issued by Commerce on an ad hoc basis to supplement set-asides.)

Set-asides were not extended to producers of copper until the 2nd quarter of 1966. The set-aside percentages are set in terms of the average 1965 quarterly production of domestic refined copper (about 335,000 tons). – annually – 1,340,000 in 65 or.

4 | 3,340
– 835
87

10%

Set-asides and directives during 1966 have been:

	2nd Qtr.	3rd Qtr.	4th Qtr.
Set-asides	10%	13%	18%
Directives	8%	11%	5%

5. Arithmetic for 2.6% and 2.9% Figures in Press Release:

10% — 26% (1st quarter set-aside) of 335,000 tons (average 1965 quarterly production is 87,100 tons.
87,100 tons is 2.6% of 3.3 million tons (estimated 1967 total domestic copper supply).

11.6% 29% (2nd quarter set-aside) of 335,000 tons (average 1965 quarterly production is 97,150 tons.
97,150 tons is 2.9% of 3.3 million tons (estimated 1967 total domestic copper supply.

6. Projections for Copper Expansion Program (No deals for the copper program have actually been signed, but they're in advanced stages of negotiation.)

1968:	30,000
1969:	60,000
1970:	60,000
1971:	60,000
1972:	200,000

.10
835 | 87.0
835
3500

.116
835 | 97.0
835
1350
835
5150
5010
140

November 14, 1966

MEMORANDUM FOR MR. JOSEPH A. CALIFANO

FROM : John E. Robson

SUBJECT: Copper

1. Supply-Demand (in thousands of short tons)

	1966	1967	1968
Total Net Copper Supply*	3,510	3,340	3,446
Demand			
Defense	250	400	400
Non-defense	3,154	3,253	3,379
Total	3,404	3,653	3,779
Deficit or Surplus	+106	-313	-333

*Supply includes imports plus prior stockpile releases less exports.

2. Stockpile

Objective: 750,000 tons

Present inventory: 409,000 tons

Last two releases: November, 1965 200,000 tons
March, 1966 200,000 tons

Inventory after proposed 200,000 ton release: 209,000 tons

3. Defense requirements (calendar years)

1965	1966	1967	1968
64	250	400	400

4. Set Aside and Directive Program (Set-asides and directives establish allocations for defense requirements under authority of the Defense Production Act. Set-asides are fixed quarterly by Commerce upon the advice of Defense. Directives are issued on an ad-hoc basis to supplement set-asides)

Set-asides were not extended to producers of copper until the 2nd quarter of 1966. The percentages are of the average quarterly production in 1965.

1966	2nd Qtr.	3d Qtr.	4th Qtr.
Set asides:	10%	13%	18%
Directives	8%	11%	5%

5. Proposed Plan

a. Raise Set Asides to 23% (about 7% will have to come from directives)

b. Release 200,000 tons from stockpile. All will go to defense rated orders.

c. Announce a and b at same time.

File 11/15

Mr. Lewis
Mr. Hopkins
Mr. Jones
11/8/67

This was
sent to the
President at
2:00 Tues,
Nov 15 for
signature.

Peggy

November 15, 1966

MEMORANDUM FOR

Honorable Farris Bryant
Director
Office of Emergency Planning

I approve your recommendation and the recommendations of the Secretaries of State, Treasury, Defense and Commerce and the Acting Chairman of the Council of Economic Advisers regarding the release of 200,000 tons of copper from the national stockpile.

In accordance with the provisions of Section 5 of the Strategic and Critical Materials Stockpiling Act, as amended (50 U.S.C. 98(d)), and based on the recommendations mentioned above and the opinion of the Acting Attorney General, I herewith determine that such release is required for purposes of the common defense. Disposals should be made through regular producer channels solely for defense and defense-supporting users, as necessary. Disposals should be made on a periodic basis in such a way as to facilitate the orderly distribution of copper supplies to fulfill defense needs.

I also approve the other recommendations in your memorandum of November 15.

LBJ:JACJr:RW pw

Name	Date
Mr. Hawks	4-24-67
MR HOPKINS	5-19-67