

FREE IMPORTATION OF CRUDE, CRUSHED, OR BROKEN LIMESTONE FOR USE IN MANUFACTURING FERTILIZER

APRIL 15 (legislative day, MARCH 29), 1948.—Ordered to be printed

Mr. MILLIKIN, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 5275]

The Committee on Finance, to whom was referred the bill (H. R. 5275) to amend the Tariff Act of 1930 to provide for the free importation of limestone to be used in the manufacture of fertilizer, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

Under existing law ground or pulverized limestone is admitted duty-free because it is used chiefly in the manufacture of fertilizer. This bill permits the free importation of crude, crushed, or broken limestone when used for the same purpose. If used for other purposes, crude, crushed, or broken limestone would continue to be subject to duty. Limestone is a low-priced commodity which cannot bear the cost of long freight hauls. This bill will permit mills situated near the border or along the seacoast with unutilized grinding capacity to use imported limestone as a supplemental material.

The report of the Committee on Ways and Means of the House of Representatives is as follows:

GENERAL STATEMENT

This bill would permit the free entry into the United States of crude, crushed, or broken limestone when such material is intended for use in the manufacture of limestone fertilizer. When such limestone is brought into the United States for any other purpose it will not be accorded free entry, under this bill. Limestone, crude or crushed but not pulverized, is dutiable at 1½ cents per 100 pounds under paragraph 203 of the Tariff Act of 1930, as modified by the recent Geneva Trade Agreement. The original statutory rate was 5 cents per 100 pounds. Broken limestone is dutiable under paragraph 214 of the Tariff Act at the rate of 10 percent ad valorem. The original statutory rate was 30 percent ad valorem. The bill does not pertain to limestone imported for building or construction purposes but is limited strictly to limestone intended for use as fertilizer.

Ground or pulverized limestone enters the United States duty-free under paragraph 1685 of the Tariff Act because it is used chiefly for fertilizing purposes.

It is impossible under present law to manufacture fertilizer from imported limestone without payment of a duty on the stone at the rates indicated above. Your committee feels this is an anomalous situation which should be corrected so as to permit domestic fertilizer manufacturers to import free of duty limestone intended for such use.

Local supplies of limestone are not always economically available and manufacturers located near the borders of the United States find it difficult, if not impossible, to engage in such manufacturing processes. The reason for this is that limestone in any form is a low-priced commodity that cannot bear the cost of long freight hauls. The result is that mills engaged in crushing or grinding limestone for fertilizer serve only a relatively small area within their immediate vicinity. Some mills situated near the border along the seacoast use imported limestone as a major or at least a supplemental source of supply. Transportation on the crude limestone for pulverizing purposes might not be prohibitive for imported limestone, but would be prohibitive if applied to the domestic crude material shipped from greater distances.

No unfavorable reports have been received from Government agencies and no opposition to the passage of the bill has come from any quarter. The United States Tariff Commission has advised your committee as follows:

"It is impossible to predict closely what would be the effect if crude or crushed limestone could enter free for fertilizer use. It is certain, however, that the effect would not be great. Probably only a few of the crushing and grinding mills would be in a position to take advantage of imported crude or crushed limestone. In most cases the domestic limestone is crushed or ground by the same companies that quarry limestone. Some such mills, situated near the border or along the seacoast, might find it advantageous to use imported limestone as a supplemental material, if they had grinding capacity in excess of their quarrying capacity. Moreover, it is possible that some mills located on the seacoast, or near the border, might be able, by reason of low transportation rates, to import material cheaper than they could obtain it from domestic sources.

"Inasmuch as individual grinders supply relatively limited areas, only farmers near to grinding mills using imported crude or crushed limestone would have their costs for lime fertilizer lessened by the proposed legislation.

"There have been relatively heavy imports of broken limestone under paragraph 214, consisting chiefly of a material known as limestone spalls which is imported primarily for use as a flux. For such use it would continue to be dutiable but if imported for grinding and use as fertilizer it would be free under the terms of H. R. 5275.

"If the bill is enacted, the Treasury Department would presumably administer the requirement that to be free of duty limestone must be imported for use in the manufacture of fertilizer and would promulgate regulations similar to those applicable in the case of certain other products which are accorded favorable tariff treatment if imported to be used for a particular purpose. Among these regulations would be a requirement that proof of use be furnished the customs authorities within a specified period."

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