

CONTINUING UNTIL THE CLOSE OF JUNE 30, 1952, THE SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP

JUNE 29 (legislative day, JUNE 27), 1951.—Ordered to be printed

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

REPORT

[To accompany H. R. 3181]

The Committee on Finance, to whom was referred the bill (H. R. 3181) to continue until the close of June 30, 1952, the suspension of duties and import taxes on metal scrap, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

By virtue of this act, the Committee on Finance accepts the report of the Committee on Ways and Means, which is as follows:

GENERAL STATEMENT

This bill would continue the exemption of metal scrap from import duties and taxes for another year, until the close of June 30, 1952. Import duties and taxes on metal scrap were suspended from March 14, 1942, to June 30, 1949, inclusive, under Public Law 497, Seventy-seventh Congress and Public Laws 384 and 613, Eightieth Congress. The import duties on metal scrap were again suspended from October 1, 1950, to June 30, 1951, under Public Law 869, Eighty-first Congress.

The rates of duty on the principal types of ferrous and nonferrous metal scrap, suspension of which would be continued by the bill, are shown in the following table from a report of the United States Tariff Commission:

| <i>Item</i> | <i>Rate</i> |
|--|---|
| Ferrous scrap: | |
| Iron and steel scrap..... | 37½ cents per long ton plus additional duties on alloy content. |
| Relaying and rerolling rails..... | ¼ cent per pound plus additional duties on alloy content. |
| Nonferrous scrap: | |
| Aluminum..... | 1½ cents per pound. |
| Copper and copper-base alloy..... | 2 cents per pound on the copper content. ¹ |
| Lead (including antimonial lead) .. | 2½ cents per pound on lead content. |
| Magnesium..... | 20 cents per pound. |
| Zinc (including zinc dross and skimmings). | ¼ cent per pound. |

¹ Free of duty under the Tariff Act of 1930. Sec. 3425 of the Internal Revenue Code provides for an import-excise tax of 4 cents per pound on the copper content of copper and copper-base scrap, which was reduced to 2 cents per pound under the General Agreement on Tariffs and Trade.

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According to the Tariff Commission, these rates are the equivalent of an ad valorem rate based on import values in 1950, as follows: Iron and steel scrap, 1.4 percent; aluminum scrap, 14.4 percent; copper scrap, 11.7 percent; brass scrap, 13.9 percent; lead scrap, 23.9 percent; and zinc scrap, 6.2 percent. Imports of alloyed iron and steel scrap were small, and the insignificant imports of relaying and rerolling rails and of magnesium scrap were not separately reported.

Favorable reports on the legislation have been received from the Departments of Defense, Commerce, and Treasury and the Office of Defense Mobilization.

In his report dated May 7, 1951, the Director of Defense Mobilization stated, in part, as follows:

"* * * the demand for metal scrap, both ferrous and nonferrous, exceeds available supply. Consequently, it is essential to the defense production program that the importation of metal scrap from overseas sources be encouraged to the maximum extent possible. Continuation of the suspension of the duties and taxes on metal scrap imports is an important factor for the accomplishment of this purpose. Accordingly, I urge enactment of H. R. 3181."

The Assistant Secretary of Defense, in his report dated May 11, 1951, stressed the importance of enactment of the bill, as follows:

"Metals are generally in short supply to meet all the requirements in the United States. It is believed that metal scrap imports to this country can supply a considerable portion of the marginal needs beyond the current scrap production. The suspension of import duties on scrap provides a margin of cost which makes it feasible to market foreign scrap in the United States. In view of the urgent need for foreign scrap, and to facilitate its flow, the Department of Defense recommends enactment of H. R. 3181. Inflationary aspects of a reimposition of the duty as well as the inconsistency of such a charge in view of our need for scrap prompt this recommendation."

According to the Acting Secretary of Commerce in his report of May 11, 1951—

"The situation with respect to metal scrap is critical at the present time, the requirements of the military, of the stockpiling program, and of essential civilian uses being far in excess of the available supply. Suspension of the import duties affects favorably the flow of metal scrap into this country from foreign sources, while the present and prospective shortages of these materials insures a stable market for domestic scrap."

The Treasury Department has advised that it anticipates no unusual administrative difficulties under the provisions of the bill.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted in enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

"SECTION 2 OF THE ACT OF SEPTEMBER 30, 1950 (PUBLIC LAW 869, 81ST CONG.)

"Sec. 2. The amendment made by this Act shall be effective as to merchandise entered, or withdrawn from warehouse, for consumption on or after the day following the date of the enactment of this Act and before the close of [June 30, 1951] *June 30, 1952*. It shall also be effective as to merchandise entered, or withdrawn from warehouse, for consumption before the period specified where the liquidation of the entry or withdrawal covering the merchandise, or the exaction or decision, relating to the rate of duty applicable to the merchandise, has not become final by reason of section 514, Tariff Act of 1930."