

SUSPENDING THE IMPORT DUTIES ON LEAD

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

REPORT

[To accompany H. R. 4948]

The Committee on Finance, to whom was referred the bill (H. R. 4948) to suspend certain import duties on lead, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

PURPOSE

The purpose of this bill is to suspend the import duties on lead-bearing ores, flue dust, and matters of all kinds, lead bullion or base bullion, lead in pigs and bars, lead dross, reclaimed lead, scrap lead antimonial lead, and antimonial scrap lead, which duties are imposed under paragraphs 391 and 392 of the Tariff Act of 1930, as amended.

The suspension would apply beginning with the day following the date of enactment of the bill and ending with the close of March 31, 1953, or the termination of the national emergency proclaimed by the President on December 16, 1950, whichever is earlier.

AMENDMENT

The bill as adopted by the House contained a proviso whereby the President should revoke the suspension of duties when for any one calendar month the average market price of common lead for that month, delivered at New York, had been below 16½ cents per pound.

The ceiling price as fixed by the Economic Stabilization Agency was 17 cents per pound at the time the bill was passed by the House. The new ceiling price established by that Agency on October 2, 1951, was 19 cents per pound. In conformity with the spirit of the House bill your committee amended it to provide for a restoration of the duty if the price of lead fell below 18 cents per pound.

GENERAL STATEMENT

Since the outbreak of hostilities in Korea in June 1950, the demand for lead in the United States and in the world at large has increased rapidly. As a result of this demand, domestic lead prices have risen from 11 cents per pound on June 28, 1950, to 17 cents per pound on January 1, 1951. The Economic Stabilization Agency froze the price of domestic lead at 17 cents per pound and of imported lead at 18½ cents per pound on January 26, 1951. The ceiling on both domestic and imported lead was frozen at 19 cents per pound on October 2, 1951.

In 1950 consumption of lead in the United States was 1,220,000 tons, production was 429,875 tons, and 366,500 tons of lead were recovered from scrap. It is estimated by the trade that United States mine output for 1951 will be somewhat higher than the output of 429,875 tons in 1950, and that the recovery of lead from scrap will be close to the 366,500 tons in 1950.

This country is dependent on imports of lead for approximately one-third of its current requirements. In 1950 imports amounted to 565,152 tons. Since the beginning of 1951, imports of lead have fallen considerably. During January and February imports averaged 22,000 tons per month, compared with average monthly imports of 47,000 tons during 1950. During these same months consumption of lead continued at the same high rate attained in the last half of 1950.

In order to conserve supplies of lead for defense production, the National Production Authority issued Order M-38, on April 3, 1951, restricting consumers of lead to 100 percent of their average monthly consumption in the first 6 months of 1950, effective May 1, 1951. This order also prohibits consumers of lead from holding in inventory more than 30 days' supply of lead. Even with this order in effect, it appears that the total domestic supplies of lead, including production and imports, will be far short of domestic requirements in the immediate future.

The import duties on lead under the Tariff Act of 1930 are—

(1) Two and one-eighth cents per pound on the lead content of lead bullion, base bullion, lead in pigs and bars, and antimonial lead; and

(2) One and one-half cents per pound on the lead content of lead-bearing ores, flue dust, and mattes of all kinds.

The duty on the lead content of scrap lead, antimonial scrap lead, lead dross, and reclaimed lead is 2½ cents per pound. Public Law 869, Eighty-first Congress, suspended the duties on scrap metal (including lead) from October 1, 1950, until the close of June 30, 1951. This suspension was continued to June 30, 1952, by Public Law 66, Eighty-second Congress.

Under the trade agreement with Mexico which went into effect on January 1, 1943, the rates of duty on lead were reduced 50 percent. This trade agreement was terminated on January 1, 1951, and the rates of duty reverted to the rates in the Tariff Act of 1930. Under the trade agreement with Canada which went into effect June 6, 1951 (T. D. 52739), the rates of duty on lead have again been reduced by 50 percent.

Although the duties on lead imported for private account were not suspended during World War II, most lead imported was entered free of duty for the account of the Government which allocated lead among domestic consumers.

In the early part of 1948, a severe shortage of lead developed and Congress suspended the import duties on lead from June 20, 1948, through June 30, 1949, by Public Law 725, Eightieth Congress. Your committee believes that again suspending the duty on lead will tend to increase imports into this country.

The price of imported lead is now frozen at 19 cents per pound. If the duties are again suspended, foreign producers of lead could realize more than they are now receiving on sales of foreign lead in the United States under the current price ceiling. In mid-April, the price of lead from Mexico, which is the principal source of United States imports, ranged from 19 cents to 22 cents per pound, f. a. s. Gulf ports, when sold for export to Europe. Thus, exporters of lead from Mexico realize more on lead exported to Europe than they realize on sales to the United States.

Although the suspension of duties will still not permit United States importers to meet the world price of lead, it is believed that imports will be increased since payments in dollars for such imports to foreign producers will offset to some extent the differences in price because these producers will be anxious to earn dollars and to create or preserve markets for their products in this country.

Your committee believes that there will continue to be a shortage of lead for the duration of the suspension of duty under the bill. It has, however, in order to protect domestic producers in the event of unforeseen circumstances which may increase the supply of lead to such an extent that the shortage may be alleviated, inserted a proviso in the bill under which the President is required to revoke the suspension of duties when, for any one calendar month, the average market price of common lead delivered at New York, falls below 16½ cents per pound.

The Departments of State, Commerce, and Defense, the Treasury Department, the Office of Defense Mobilization, and the Economic Cooperation Administration have expressed their support of legislation to suspend the import duties on lead. The Treasury Department also advised your committee that it anticipates no unusual administrative difficulties if this bill should be enacted into law. The Bureau of the Budget advised these departments and agencies that it had no objection to the submission of their reports favoring suspension of the duties on lead.

