

## SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP

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JULY 19 (legislative day, JULY 2), 1954.—Ordered to be printed

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

### REPORT

[To accompany H. R. 8155]

The Committee on Finance, to whom was referred the bill (H. R. 8155) to continue until the close of June 30, 1955, 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.

#### PURPOSE

The bill H. R. 8155 would continue from June 30, 1954, until June 30, 1955, the suspension of tariffs and import taxes on most types of metal scrap. Lead scrap is not included and zinc scrap is included only if imported under the terms of a written contract entered into prior to July 1, 1954.

#### GENERAL STATEMENT

Public Laws 497 of the 77th Congress and 384 and 613 of the 80th Congress provided for the free importation of metal scrap from March 14, 1942, to June 30, 1949. Duties and import taxes were again suspended by Public Laws 869 of the 81st Congress and 66 of the 82d Congress from October 1, 1950, to June 30, 1951.

During the 2d session of the 82d Congress the suspension was extended to June 30, 1953, with a proviso eliminating lead scrap. Public Law 221 of the 83d Congress continued the suspension to June 30, 1954, with a proviso eliminating lead scrap and all zinc scrap not imported under terms of contracts entered into prior to July 1, 1953.

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H. R. 8155 would continue the features of the 1953 suspension except that zinc contracted for prior to July 1, 1954, might be included in the exemption from duty.

The principal rates of duty and import taxes affected are shown in the following table:

Type of scrap	Tariff Act of 1930		Sec. 3125, Internal Revenue Code, rate of import tax
	Paragraph No.	Rate of duty	
Iron and steel.....	301.....	37½ cents per long ton plus additional duties on alloy content.	None.
Aluminum.....	374.....	1½ cents per pound.....	None.
Copper (see note to table).....	1638.....	Free.....	2 cents per pound on the copper content.
Brass.....	1634.....	Free.....	2 cents per pound on the copper content.
Lead (including antimonial lead).....	392.....	1¼ cents per pound on lead content.	None.
Magnesium.....	375.....	20 cents per pound.....	None.
Nickel and nickel alloy.....	5 or 359.....	12½ percent ad valorem or 1¼ cents per pound.	None.
Tin and tinplate.....	1785.....	Free.....	None.
Zinc (including zinc dross and skimmings).....	394.....	¾ cent per pound.....	None.

NOTE.—The import tax imposed under sec. 3125, Internal Revenue Code, on certain copper bearing articles, including metal scrap containing copper, is also suspended under Public Law 38, 82d Cong., as amended by Public Laws 4 and 452, 83d Cong. Public Law 38, as amended, expires on June 30, 1955, or earlier if the average market price of electrolytic copper (delivered Connecticut Valley) for any 1 calendar month has been below 21 cents per pound.

Metal-scrap imports represent only a small proportion of the total imports of the principal types of unmanufactured metal materials and account for only a small proportion of the total metal of similar types consumed in the United States. Imports for consumption generally account for less than 2 percent of total consumption. In the case of aluminum imports account for less than 3 percent.

Imports of metal scrap increased rapidly after World War II and have remained high especially during the last 5 years. The continued high imports are the result of continued demand because of large defense requirements and come principally from former combat areas in Europe and the Japanese and Chinese areas.

The Department of Defense has indicated that the reimposition of duties and import taxes on scrap metals would tend to increase the cost of military items. The Departments of Commerce, Interior, and State have reported favorably on the bill.

The Finance Committee recognizes the great demand for metals for defense purposes and is aware that much of the imports consist of old and broken weapons, shell casings, wrecked airplanes, vehicle parts, and other defense items formerly made in the United States and sent abroad. It recommends that the bill be enacted.

### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP 3

ACT OF SEPTEMBER 30, 1950, AS AMENDED

(Public Law 869, 81st Congress)

AN ACT To continue until the close of June 30, 1951, the suspension of duties and import taxes on metal scrap, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Act of March 13, 1942 (ch. 180, 56 Stat. 171), as amended, is hereby amended to read as follows:

"SEC. 1. (a) No duties or import taxes shall be levied, collected, or payable under the Tariff Act of 1930, as amended, or under section 3425 of the Internal Revenue Code with respect to metal scrap, or relaying and rerolling rails.

"(b) The word 'scrap', as used in this Act, shall mean all ferrous and nonferrous materials and articles, of which ferrous or nonferrous metal is the component material of chief value, which are second-hand or waste or refuse, or are obsolete, defective or damaged, and which are fit only to be remanufactured."

"SEC. 2. Articles of which metal is the component material of chief value, other than ores or concentrates or crude metal, imported to be used in remanufacture by melting, shall be accorded entry free of duty and import tax, upon submission of proof, under such regulations and within such time as the Secretary of the Treasury may prescribe, that they have been used in remanufacture by melting: *Provided, however,* That nothing contained in the provisions of this section shall be construed to limit or restrict the exemption granted by section 1 of this Act."

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, [1954] 1955. It shall also be effective as to merchandise entered, or withdrawn from warehouse, or 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.

