

TEMPORARY SUSPENSION OF DUTY ON CERTAIN ALUMINA AND BAUXITE

APRIL 28, 1958.—Ordered to be printed

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

REPORT

[To accompany H. R. 9917]

The Committee on Finance, to whom was referred the bill (H. R. 9917) to continue the temporary suspension of duty on certain alumina and bauxite, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H. R. 9917 is to continue for 2 years, until July 16, 1960, the suspension of duty on (1) alumina when imported for use in producing aluminum; (2) bauxite, crude, not refined or otherwise advanced in condition in any manner; and (3) calcined bauxite.

GENERAL STATEMENT

Alumina is a product used for the production of aluminum, and the bulk of the alumina consumed in the United States is used for that purpose. Bauxite is a mineral used in the production of alumina (from which aluminum is produced), abrasives, chemicals, refractory products, and miscellaneous products, and is vital to the domestic industries such as the aluminum, steel, and chemical industries. H. R. 9917 would continue for a period of 2 additional years the suspension of import duties on crude bauxite, the raw material used chiefly in the production of alumina; on alumina, the semiraw material used primarily in the manufacture of aluminum; and on calcined bauxite, the raw material used chiefly in the making of refractories and artificial abrasives.

The production of aluminum involves two main operations: the production of alumina from the crude ore—almost entirely bauxite—and the production of aluminum metal from alumina. A large part of the domestic production of aluminum in recent years has been

2 SUSPENSION OF DUTY ON CERTAIN ALUMINA AND BAUXITE

derived from imported aluminum-bearing material. The aluminum-bearing material has so far been imported almost entirely in the form of bauxite.

Domestic requirements for crude bauxite have increased rapidly in recent years, since domestic use of primary aluminum has risen to record levels in recent years in response to needs of the defense program and the rapid rise in the level of demand for aluminum in both new as well as long-established uses in the building, construction, transportation, and electrical industries, and in numerous other applications. As of the end of 1957, for example, the annual capacity of the domestic primary aluminum industry totaled 1,839,000 short tons as compared with an annual capacity of about 727,000 tons in mid-1950. Additional domestic primary aluminum capacity under construction or planned for construction as of the end of 1957 amounted to 765,500 tons which, when completed, will raise domestic industry's capacity to about 2,605,500 tons, a level of about 42 percent above the capacity at the end of 1957. The domestic primary aluminum industry has depended to an increasingly large extent on imported bauxite for its needs, and it is expected that most of the additional increase required in the total United States supply of bauxite for the further expansion in the aluminum program will come from foreign sources.

Jamaica has been the principal source of United States imports of crude bauxite in recent years and in 1957 accounted for about 54 percent of total imports. Surinam, British Guinea, and Haiti have supplied the bulk of the imports from other sources.

The foreign trade in alumina at the present time is limited principally to imports from Canada, Jamaica, and Japan.

Alumina is included in paragraph 6 of the dutiable list of the Tariff Act of 1930 in the provision therein for refined bauxite. The rate of duty originally established under the Tariff Act of 1930 for alumina was one-half cent per pound. Pursuant to a concession granted in the General Agreement on Tariffs and Trade effective January 1, 1948, the rate was reduced to one-fourth cent per pound. Public Law 725, 84th Congress, approved July 16, 1956, suspended the duty on alumina for a 2-year period beginning July 17, 1956, when imported for use in producing aluminum. Your committee's bill would extend this period of suspension of duty until July 16, 1960.

Crude bauxite was originally dutiable under paragraph 207 of the Tariff Act of 1930 at \$1 per long ton. Pursuant to a concession granted in the general agreement the duty was reduced to 50 cents per long ton effective January 1, 1948. Calcined bauxite was originally dutiable under paragraph 214 of the Tariff Act of 1930 at the rate of 30 percent ad valorem. Pursuant to a concession granted in the general agreement, the duty on this product was reduced to 15 percent ad valorem effective January 1, 1948. Public Law 852, 81st Congress, approved September 27, 1950, amended paragraph 207 of the Tariff Act by inserting therein a provision for "bauxite, calcined, when imported to be used in the manufacture of firebrick, or other refractories * * *" and prescribed a duty thereon of \$1 per long ton. Other imported calcined bauxite consisting almost entirely of the so-called abrasive grade remained dutiable under paragraph 214 at the modified rate of 15 percent ad valorem. The purpose and effect of the transfer of calcined bauxite for refractories from paragraph 214

to paragraph 207 of the Tariff Act and the prescription therefor of a duty of \$1 per long ton (in lieu of the rate of 15 percent ad valorem which was applicable under paragraph 214, as modified) was to reduce substantially the amount of duty collectible on this product. Public Law 499, 83d Congress, approved July 15, 1954, suspended the duty on crude bauxite without regard to its use after importation and upon calcined bauxite when imported for use in the manufacture of refractories until July 16, 1956. Public Law 724 of the 84th Congress, approved July 16, 1956, further suspended the duties on both crude bauxite and calcined bauxite for a period of 2 years without regard to their use after importation.

H. R. 9917 provides for the further suspension of the duties on crude bauxite and calcined bauxite for a period of 2 years. The bill would, in effect, consolidate the provisions of Public Laws 724 and 725 of the 84th Congress and extend for 2 years the periods of suspension provided for therein.

Favorable reports on the legislation were made by the Departments of State, Treasury, Defense, Interior, Commerce, and Labor, as well as the Office of Defense Mobilization and the General Services Administration. The Secretary of Labor advised that basically domestic sources of bauxite are inadequate for our aluminum industry, while Canada, the principal competitor to the United States in the production of primary aluminum, allows bauxite ore and concentrates to enter duty-free, and consequently that reimposition of a United States duty on crude and concentrated bauxite and alumina would put the United States aluminum producers at a competitive disadvantage.

The Director of the Office of Defense Mobilization stated that the reimposition of these duties on imported bauxite and alumina would not materially increase the consumption of domestic ore because only certain plants designed to use a process for high silica ores can use the domestic product, and that the domestic bauxite producers are operating at a fairly even rate to supply the local alumina plants of those companies whose processes are designed for the use of domestic ore. The Director of Defense Mobilization also stated that the imports of bauxite supplies come principally from reserves which are owned largely by the American companies themselves and that an import duty does not serve the purpose of protecting domestic industry.

The Secretary of Commerce, in addition to pointing out certain of the foregoing considerations, also emphasized that the suspension of these import duties should result in lower prices for the products which are manufactured therefrom and consequently should result in a saving to the American consumer.

