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SENATE

{ REPORT  
No. 1089

## METAL SCRAP

JUNE 16 (legislative day, MARCH 30), 1964.—Ordered to be printed

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

## R E P O R T

[To accompany H.R. 10463]

The Committee on Finance, to whom was referred the bill (H.R. 10463) to continue until the close of June 30, 1965, the existing suspension of duties for metal scrap, having considered the same report favorably thereon without amendment and recommend that the bill do pass.

### PURPOSE

This bill would continue for 1 year (from the close of June 30, 1964, to the close of June 30, 1965) (1) the existing suspension of duties on metal waste and scrap, etc., provided by item 911.12 of the Tariff Schedules of the United States, and (2) the existing reduction of duties on copper waste and scrap, etc., provided by items 911.10 and 911.11 of such schedules.

### GENERAL STATEMENT

The temporary suspension of the duties on certain metal waste and scrap, etc., provided by item 911.12 of the Tariff Schedules of the United States (which dates from March 12, 1942, Public Law 497, 77th Cong.) makes free of duty imports of such principal types of metal scrap as iron and steel, aluminum, magnesium, nickel, and nickel alloys. The bill would continue this suspension through June 30, 1965. The bill would not suspend the duties applicable to waste and scrap of lead, lead alloy, zinc, zinc alloy, tungsten, or tungsten alloy, nor would it suspend the duties applicable to articles of lead, lead alloy, zinc, zinc alloy, tungsten, or tungsten alloy.

The continuation (to the close of June 30, 1965) of the temporary reduction of the duties on copper waste and scrap and on articles of copper provided by items 911.10 and 911.11 of the Tariff Schedules of the United States merely extends for that period the suspension of

that portion of such duties which is attributable to the duties applicable to such articles before the Tariff Schedules of the United States became effective on August 31, 1963. There is no suspension of the portion of the duty under the tariff schedules applicable to copper waste and scrap, and to articles of copper, which is derived from the import tax applicable to such articles under former section 4541 of the Internal Revenue Code of 1954.

The Department of Commerce has advised your committee of the level of imports for 1962 and 1963 of the more important types of metal scrap covered by this bill, as follows:

In 1962 imports of iron and steel scrap amounted to approximately 240,817 short tons valued at \$5,740,000. On the basis of data obtained for 1963, imports totaled 195,383 short tons valued at \$5,701,000.

With respect to aluminum scrap, approximately 6,500 short tons were imported at a value of \$1,864,000 in 1962. During 1963 imports rose to 9,306 short tons at a value of \$2,307,000. Domestic consumption of aluminum scrap also increased during 1963 to an estimated 900,000 short tons from approximately 700,000 short tons in 1962.

The committee was also advised that in 1962 and 1963 our exports of aluminum scrap totaled 65,000 tons and 71,040 tons respectively, far in excess of imports for those years.

#### ARTICLES TO WHICH BILL APPLIES

Items 911.10, 911.11, and 911.12 of the Tariff Schedules of the United States apply to—

- (1) Metal waste and scrap (provided for in pt. 2 of schedule 6 of the schedules), except lead, zinc, and tungsten waste and scrap;
- (2) Unwrought metal (except copper, lead, zinc, and tungsten) in the form of pigs, ingots, or billets (A) which are defective or damaged, or have been produced from melted down metal waste and scrap for convenience in handling and transportation without sweetening, alloying, fluxing, or deliberate purifying, and (B) which cannot be commercially used without remanufacture;
- (3) Relaying or rerolling rails; and
- (4) Articles of metal to be used in remanufacture by melting (except articles of lead, zinc, or of tungsten, and not including metal-bearing materials provided for in schedule 4 or in pt. 1 of schedule 6 of the schedules, and not including unwrought metal provided for in pt. 2 of schedule 6 of the schedules).

#### BACKGROUND INFORMATION

Scrap of the the various nonferrous metals, whether imported or of domestic origin, may be considered for most purposes simply as relatively small components in the total U.S. supplies of the respective metals, although some manufacturers depend wholly on metal scrap as a source of raw material. The relation of iron and steel scrap to the total supplies of iron and steel is somewhat different from that existing with respect to nonferrous metals. This is because the economical production of steel by the open hearth process requires that part of the iron-bearing materials used consist of heavy melting

scrap. Thus, much iron and steel scrap constitutes a material important to the domestic production of steel. Despite the fact that imports of scrap metals have not in the past few years constituted important components of the total supplies of the various metals, the imports in some cases have represented important sources of the metals for limited numbers of consumers of such metals in some sections of the country.

The rates of duty on the principal types of ferrous and nonferrous metal scrap, the suspension of which would be continued by the bill, are shown in the following table:

Type of scrap	Item No.	Rate of duty
Iron and steel.....	607.11 or 607.12.....	37½ cents per long ton plus additional duties on alloy content.
Aluminum.....	618.10.....	1½ cents per pound.
Nickel and nickel alloy.....	620.02.....	1¼ cents per pound.
Tin and tinplate.....	607.10 or 622.10.....	Free.
Magnesium.....	628.55.....	40 percent ad valorem.

Relaying and rerolling rails would, in the absence of this legislation, be dutiable at the rate of one-twentieth of 1 cent per pound plus additional duties on alloy content under items 610.20–610.21 of the Tariff Schedules of the United States. Other metal articles not considered scrap within the meaning of the tariff classifications but imported to be used in remanufacture by melting are also exempt from duty under items 911.10–911.12 of these schedules. Such articles would be dutiable, in the absence of special legislation, at various rates too numerous to mention in this report.

#### DEPARTMENTAL REPORTS

The Bureau of the Budget and the Departments of Treasury and State expressed no objection to this legislation. The Department of Commerce recommended enactment, as indicated in the following report:

GENERAL COUNSEL OF THE DEPARTMENT OF COMMERCE,  
*Washington, D.C., June 10, 1964.*

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,*  
*U.S. Senate, Washington D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department with respect to H.R. 10463, an act to continue until the close of June 30, 1965, the existing suspension of duties for metal scrap.

The present suspension of import duties on ferrous and several types of nonferrous metal scrap terminates on June 30, 1964. If enacted, H.R. 10463 would extend the existing duty suspension until June 30, 1965, by amending the effective period column for items 911.10, 911.11, and 911.12 of title I of the Tariff Act of 1930 (Tariff Schedules of the United States; 28 F.R., pt. II, p. 433, Aug. 17, 1963).

The Department of Commerce favors enactment of H.R. 10463.

Iron, steel, and aluminum are the more important types of metal scrap that have continued to be imported on a duty-free basis since

the act of March 13, 1942 (Public Law 497, 77th Cong., 56 Stat. 171). The quantities of such imports are not large in comparison with domestic consumption and, for certain types of metal scrap, exports exceed imports. In 1962 imports of iron and steel scrap amounted to approximately 240,817 short tons valued at \$5,740,000. On the basis of data obtained for 1963, imports totaled 195,383 short tons valued at \$5,701,000.

With respect to aluminum scrap, approximately 6,500 short tons were imported at a value of \$1,864,000 in 1962. During 1963 imports rose to 9,306 short tons at a value of \$2,307,000. Domestic consumption of aluminum scrap also increased during 1963 to an estimated 900,000 short tons from approximately 700,000 short tons in 1962. Exports during 1963 were 71,040 short tons compared to 65,500 short tons in 1963.

H.R. 10463 would continue the suspension of import duties for 1 year. Considering such factors as domestic demand, imports, and exports of the types of metal scrap covered by the act, a 3-year extension appears desirable. The 3-year suspension period would tend to provide greater stability to the industry and the firms operating therein. Therefore, the Department of Commerce favors the enactment of H.R. 10463, and would favor an amendment thereto suspending the duties for metal scrap until June 30, 1967.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

ROBERT E. GILES, *General Counsel.*

#### 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 italic; existing law in which no change is proposed is shown in roman):

TARIFF ACT OF 1930

TARIFF SCHEDULES OF THE UNITED STATES

APPENDIX TO THE TARIFF SCHEDULES

Part 1. Temporary Legislation

Item	Articles	Rates of duty			Effective period
		1	2		
<b>PART 1. TEMPORARY LEGISLATION</b>					
Subpart A. Temporary Provisions for Additional Duties					
• • •	• • • • •	• • •	• • •	• • •	
Subpart B. Temporary Provisions Amending the Tariff Schedules					
Subpart B headnotes:					
1. Any article described in the provisions of this subpart, if entered during the period specified in the last column, is subject to duty at the rate set forth herein in lieu of the rate provided therefor in schedules 1 to 8, inclusive.					
• • •	• • • • •	• • •	• • •	• • •	
Metal waste and scrap (provided for in part 2, schedule 6), except lead, zinc, and tungsten waste and scrap; unwrought metal (except copper, lead, zinc, and tungsten) in the form of pigs, ingots, or billets (a) which are defective or damaged, or have been produced from melted down metal waste and scrap for convenience in handling and transportation without sweetening, alloying, fluxing, or deliberate purifying, and (b) which cannot be commercially used without remanufacture; relaying or rerolling rails; and articles of metal (except articles of lead, of zinc, or of tungsten, and not including metal-bearing materials provided for in schedule 4 or in part 1 of schedule 6 and not including unwrought metal provided for in part 2 of schedule 6) to be used in remanufacture by melting:					
		Rates of duty			Effective period
		1-a	1-b	2	
911.10	Copper waste and scrap.....	1.7¢ per lb. on 99.6% of copper content	2¢ per lb. on 99.6% of copper content	4¢ per lb. on 99.6% of copper content	On or before [8/30/64] 8/30/65
911.11	Articles of copper.....	1.27¢ per lb.	1.5¢ per lb.	3¢ per lb.	
911.12	Other.....	Free	Free	Free	

