

## CERTAIN NATURAL GRAPHITE

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

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

### REPORT

[To accompany H.R. 10537]

The Committee on Finance, to whom was referred the bill (H.R. 10537) to continue for a temporary period the existing suspension of duty on certain natural graphite, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### PURPOSE

This bill would continue until July 1, 1966, the present suspension of duty on natural amorphous graphite, crude and refined, valued at \$50 per ton or less.

#### GENERAL STATEMENT

Natural graphite (plumbago) is a soft, black mineral occurring in disseminated flakes or in scaly, granular, compact, or earthy masses. The term "crystalline graphite" or "flake graphite" refers to varieties that occur in crystals large enough to be visible to the unaided eye. On the other hand, the graphite covered by this bill is a very fine granular variety which is actually cryptocrystalline or featuring particles so fine that they are not recognizable individually except under a high-power microscope. The mineral has a wide variety of industrial uses. For example, it is utilized for foundry facings and in the manufacture of carbon brushes, dry-cell batteries, pencils and paints, lubricants, and brush stock for electric motors.

Amorphous graphite or plumbago, crude or refined, and regardless of value, was made dutiable in paragraph 213 of the Tariff Act of 1930, as originally enacted, at the rate of 10 percent ad valorem. The duty was reduced to 5 percent ad valorem pursuant to a bilateral trade agreement with the United Kingdom, effective January 1, 1939, and the reduced rate was bound against increase in a bilateral trade

agreement with Mexico, effective January 30, 1943. The reduced rate of 5 percent of ad valorem was again bound against increase in the General Agreement on Tariffs and Trade, effective January 1, 1948. These concessions extended to both the natural and artificial product. The duty on natural amorphous graphite, however, was further reduced pursuant to additional concessions to 2½ percent ad valorem, effective September 10, 1955; to 1½ percent ad valorem, effective July 1, 1962; and to one-half percent ad valorem, effective July 1, 1963.

Imports of natural amorphous graphite and natural amorphous plumbago, crude or refined, valued at \$50 per ton or less, are now temporarily free of duty under item 909.20 of the Tariff Schedules of the United States if entered on or before June 30, 1964. Entries thereafter will be dutiable, as indicated above, at one-half percent ad valorem. H.R. 10537, however, would continue the existing suspension of duty under item 909.20 for an additional 2-year period, until July 1, 1966. It would not affect the duty presently applicable to artificial graphite, nor would it affect the duty with respect to natural graphite valued at more than \$50 per ton.

The United States has long been dependent on imports for nearly all of its requirements for natural amorphous graphite despite extensive exploration for suitable domestic deposits. Domestic output supplied only a negligible part of domestic consumption of natural amorphous graphite prior to early 1959, and since that time has ceased.

Your committee was informed that in recent years Mexico has supplied about 82 percent of the total quantity of natural amorphous graphite imported into the United States. The committee understands that the major part of the Mexican deposits of amorphous graphite is owned and operated by U.S. concerns.

#### DEPARTMENTAL REPORT

The following report was received from the Department of the Treasury:

THE GENERAL COUNSEL OF THE TREASURY,  
*Washington, D.C., June 9, 1964.*

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

DEAR MR. CHAIRMAN: Reference is made to your request for the views of this Department on H.R. 10537, to continue for a temporary period the existing suspension of duty on certain natural graphite.

The proposed legislation would amend item 909.20 of the Tariff Schedules of the United States to extend for 2 years, that is until June 30, 1966, the existing suspension of import duty on natural graphite, crude and refined, provided for in item 517.31 of the tariff schedules, if valued at \$50 per ton or less.

The Department anticipates no unusual administrative difficulties under the proposed legislation and would have no objection to its enactment.

The Department has been advised by the Bureau of the Budget that there is no objection from the standpoint of the administration's program to the submission of this report to your committee.

Sincerely yours,

G. D'ANDELOT BELIN,  
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	
	<p><b>PART 1.—TEMPORARY LEGISLATION</b></p> <p>Subpart A—Temporary Provisions for Additional Duties</p> <p>Subpart B—Temporary Provisions Amending the Tariff Schedules</p> <p>Subpart B headnotes:</p> <p>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.</p>			
909.20	Natural graphite, crude and refined, provided for in item 517.31, part 1E, schedule 5, if valued \$50 per ton or less.	Free	Free	On or before [8/30/34] 6/30/66.

