

CONTINUING UNTIL THE CLOSE OF JUNE 30, 1951, THE SUSPENSION OF THE DUTIES AND IMPORT TAXES ON METAL SCRAP

AUGUST 9 (legislative day, JULY 20), 1950.—Ordered to be printed

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

REPORT

[To accompany H. R. 5327]

The Committee on Finance, to whom was referred the bill (H. R. 5327) to continue until the close of June 30, 1950, the suspension of duties and import taxes on metal scrap, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

GENERAL STATEMENT

H. R. 5327 as it passed the House provided for the suspension of import duties on metal scrap, or relaying and rerolling rails from the day after the date of enactment of the bill through June 30, 1950. Your committee approved of this provision and added an amendment repealing a law suspending through June 30, 1950, certain import taxes on copper and on August 15 (legislative day, June 2), 1949, reported the bill to the Senate. Subsequently the bill, at your committee's request, was on May 24, 1950, recommitted, and it is now reported by your committee without the amendment relating to import taxes on copper. The committee recommends, however, that the bill be amended so as to change the expiration date from June 30, 1950, to June 30, 1951, and that a corresponding change be made in the title.

The suspension of import duties on scrap iron, scrap steel, and non-ferrous metal scrap provided by the act of March 13, 1942, as amended (Public Law 497, 77th Cong., 56 Stat. 171, and Public Laws 384 and 613, 80th Cong.), expired June 30, 1949. Large quantities of metal scrap, much of which originated in the United States in the form of military equipment, is still available in foreign countries. Domestic industrial consumers of scrap should be encouraged to utilize these

important supplies of metal scrap in order to conserve limited reserves within this country and to develop stockpiles against any future national emergency.

The favorable report of the Department of Commerce stated:

* * * vast quantities of metal products were sent abroad during World War II, and the intensive search for scrap within the United States during the war reduced our scrap reservoir to a very low level. It is apparent that every ton of scrap metal imported reduces the drain on our natural resources.

It is also apparent that it is much more economical to import metals during peacetime than to do so after hostilities have broken out. It is possible that shortage of shipping space and inadequate protection of shipping lanes, at least at the beginning of a war, might dangerously limit the importation of scarce metals at any price.

As indicated below in the explanation of the bill, the act of March 13, 1942, dealing with the suspension of duties and import taxes on metal scrap, is continued and revised to facilitate administration, in accordance with recommendations of the Treasury Department, and in furtherance of the recommendation of the Acting Secretary of Commerce that—

both ferrous and nonferrous metals in all forms, with the exception of crude shapes derived from primary, or virgin metal, should be allowed to enter free of duty when imported for remelting purposes.

I do not favor providing in this bill for the entry free of duty of primary or virgin metals generally, because I believe that each metal should be studied separately to determine the possible effect upon the domestic economy of admitting it duty-free in this form, and I do not believe that a bill designed to encourage the importation of scrap should be made to apply to metals in this form.

I favor the inclusion of provisions to guarantee that metal imported as scrap will in fact be used as scrap, but only to the extent that such provisions do not tend substantially to discourage the importation of scrap.

EXPLANATION OF THE BILL

As amended by the bill, the act of March 13, 1942, would broadly define the term "scrap" in order to achieve the objectives stated above and at the same time to adhere as closely as possible to the concept of scrap accepted by the industry. That law contains no definition of nonferrous scrap. It defined ferrous scrap as "second-hand or waste or refuse iron or steel fit only to be remanufactured" (par. 301 of the Tariff Act of 1930, 19 U. S. C. 1001, par. 301). The bill would make more specific the exemption from duty of articles which are fit only to be remanufactured because of having become obsolete, defective, or damaged.

For example, under the definition of scrap steel, it is understood that the Treasury Department has followed the practice of admitting free of duty as "refuse" such articles as Japanese armor-plate ingots. Such ingots are deemed to be "fit only to be remanufactured" because their peculiar composition makes them unfit for use in the United States in their present form. The proposed revision of the act of 1942 is intended to provide a more specific legislative basis for classifying these and similar articles as "scrap."

The bill also adds a new section to the act of March 13, 1942, to allow the admission free of duty of certain articles technically not included in the definition of scrap contained in section 1 (b). The criterion for exemption from duty is the use of the articles in question in remanufacture by melting. Entry free of duty and import tax is granted only upon submission of proof, under regulations prescribed

by the Secretary of the Treasury, that such articles have been imported for, and have been used in, remanufacture by melting. The new section added to the act of 1942, therefore, would allow the admission of articles, such as surplus war materials which are new, undamaged and not obsolete, if they are imported for, and are used only for, remelting purposes. Since there is a guaranty that such articles are to be used only in remanufacture by melting, they would not compete with domestic industry to any greater extent than would articles that fall within the definition of scrap now in the act of 1942.

Specifically excluded from entry free of duty under the new section of the act of 1942 are ores and concentrates and crude metal, except scrap. No primary or virgin metal is entitled to free entry.

The bill would be effective as to merchandise entered, or withdrawn from warehouse, for consumption on or after the day following the date of the enactment; and, also, merchandise entered, or withdrawn from warehouse, for consumption on or before the date of enactment 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 of the Tariff Act of 1930, relating to protests against collectors' decisions.

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):

AN ACT To suspend the effectiveness during the existing national emergency of tariff duties on scrap iron, scrap steel, and non-ferrous-metal scrap

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, [That 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 scrap iron, scrap steel, as defined in paragraph 301 of the Tariff Act of 1930 (U. S. C., title 19, sec. 1001, par. 301), relaying and rerolling rails, or non-ferrous-metal scrap entered for consumption or withdrawn from warehouse for consumption during the period beginning with the day following the date of enactment of this Act and ending with the close of June 30, 1949.]

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.