

DUTY-FREE TREATMENT OF CERTAIN NATURAL GRAPHITE

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Mr. LONG of Louisiana, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 11653]

The Committee on Finance, to which was referred the bill (H.R. 11653) to make permanent the existing suspension of duty on certain natural graphite, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of H.R. 11653 is to make permanent the 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. The type covered by H.R. 11653 (amorphous graphite) 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1930, as originally enacted, at the rate of 10 percent ad valorem.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 of 1 percent ad valorem, effective July 1, 1963.

Imports of natural amorphous graphite, crude or refined, valued at \$50 per ton or less, are now temporarily free of duty, under both the most-favored-nation (col. 1) and statutory (col. 2) rates, under item 909.20 of the Tariff Schedules of the United States. This temporary duty suspension, which has been in effect since 1960, will expire as of the close of June 30, 1966, under the provisions of Public Law 88-329. H.R. 11653 would make permanent the present column 1 suspension of duty on such merchandise. The column 2 or statutory rate would, under the bill, be the original 10-percent rate.

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.

The Department of Commerce in its report of May 17, 1966, has advised your committee, as follows, in this regard:

According to available information there has been no commercial production of amorphous graphite in the United States since 1959. Amorphous graphite, regardless of value, is not believed to be generally competitive with either natural crystalline or artificial graphite produced in the United States. This Department has received no complaints from domestic industry regarding the present duty suspension on amorphous graphite valued at \$50 per ton or less.

In view of the above, and the experience gained under prior and present suspensions of duty on natural amorphous graphite of the type covered under the bill, the Committee on Finance agrees with the Committee on Ways and Means of the House that provision for permanent suspension, as provided in H.R. 11653, is warranted. H.R. 11653 would accomplish this objective.

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

TITLE I—TARIFF SCHEDULES OF THE UNITED STATES

SCHEDULE 5. NONMETALLIC MINERALS AND PRODUCTS

Item	Articles	Rates of duty	
		1	2
	PART I.—NONMETALLIC MINERALS AND PRODUCTS, EXCEPT CERAMIC PRODUCTS AND GLASS AND GLASS PRODUCTS		
	* * * * *		
	SUBPART E—GRAPHITE AND RELATED PRODUCTS		
	Graphite, crude and refined:		
517.11	Artificial.....	5% ad val.	10% ad val.
	Natural:		
	Crystalline flake (not including flake dust):		
517.21	Valued not over 5.5 cents per pound.....	15% ad val.	1.65¢ per lb.
517.24	Valued over 5.5 cents per pound.....	0.825¢ per lb.	1.65¢ per lb.
517.27	Crystalline lump or chip.....	5.5% ad val.	30% ad val.
517.31	Other.....	0.5% ad val. ¹	10% ad val. ¹
517.30	Other:		
	If valued \$50 per ton or less.....	Free	10% ad val.
517.33	Other.....	0.5% ad val.	10% ad val.

¹ Duty temporarily suspended for graphite valued \$50 or less per ton. See part 1 of Appendix to Tariff Schedule.

APPENDIX TO THE TARIFF SCHEDULES

Item	Articles	Rates of duty		Effective period
		1	2	
	PART I.—TEMPORARY LEGISLATION			
	* * * * *			
	SUBPART B.—TEMPORARY PROVISIONS AMENDING THE TARIFF SCHEDULE			
	* * * * *			
[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 6/30/60.]
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