

ONE-YEAR EXTENSION OF SUSPENSION OF DUTIES ON METAL SCRAP

JULY 24 (legislative day, JULY 6), 1953.—Ordered to be printed

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

REPORT

[To accompany H. R. 5148]

The Committee on Finance, to whom was referred the bill (H. R. 5148) to continue until the close of June 30, 1954, the suspension of duties and import taxes on metal scrap, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

The amendment is as follows:

At the end of the bill insert the following new section:

SEC. 2. The amendments made by this Act shall not be construed to affect in any way the application of Public Law 38, 82d Congress, to copper scrap.

PURPOSE OF THE BILL

The purpose of H. R. 5148 is to continue the existing exemption of metal scrap from import duties and taxes for another year, until June 30, 1954, but excluding all lead scrap from the suspension and zinc scrap also, unless such zinc scrap is imported under the terms of a written contract entered into prior to July 1, 1953.

AMENDMENT

Public Law 38, 82d Congress, as amended by Public Law 4, 83d Congress, suspended until June 30, 1954, the duty on copper including copper scrap unless and until the price of copper dropped below 24 cents per pound for any calendar month. H. R. 5148 would operate also to exempt from duty imports of scrap but in this bill changes in prices would have no effect. In order to give the bill on copper proper precedence, it was felt that that fact should be noted by an

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amendment. The effect of the amendment would be to make the prior law on copper apply in case any conflict should arise between that law and this bill if enacted into law.

GENERAL STATEMENT

Import duties and taxes on metal scrap were suspended from March 14, 1942, to June 30, 1949, inclusive, under Public Law 497, 77th Congress, and Public Laws 384 and 613, 80th Congress. The import duties on metal scrap were again suspended from October 1, 1950, to June 30, 1951, under Public Law 869, 81st Congress. This suspension was extended from June 30, 1951, to the close of June 30, 1952, by Public Law 66, 82d Congress.

Public Law 535, also of the 82d Congress, extended the suspension to the close of June 30, 1953, with the proviso that the act was not applicable to lead scrap. 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:

TARIFF STATUS OF METAL SCRAP AND OTHER METAL ARTICLES

In the absence of special legislation, such as enactment of H. R. 5148, which continues the existing suspension of duties on metal scrap except certain zinc scrap, the principal types of metal scrap would be assessed with duties and import taxes under the Tariff Act of 1930, as amended and modified, and section 3425 of the Internal Revenue Code, as indicated in the following table:

Type of scrap	Tariff Act of 1930		Sec. 3425, Internal Revenue Code, rate of import tax
	Paragraph No.	Rate of duty	
Iron and steel.....	301.....	37½¢ per long ton plus additional duties on alloy content.	None.
Aluminum.....	374.....	1½¢ per lb.....	None.
Copper (see note to table).....	1658.....	Free.....	2¢ per lb. on the copper content.
Brass.....	1634.....	Free.....	2¢ per lb. on the copper content.
Magnesium.....	375.....	20¢ per lb.....	None.
Nickel and nickel alloy.....	5 or 380.....	12½% ad val. or 1¼¢ per lb.....	None.
Tin and tin plate.....	1785.....	Free.....	None.

NOTE.—The import tax imposed under sec. 3425, IRC, on certain copper-bearing articles, including metal scrap containing copper, is also suspended under Public Law 38, 82d Cong., as amended by Public Law 4, 83d Cong. Public Law 38, as amended, expires on June 30, 1954, or earlier if the average market price of electrolytic copper (delivered Connecticut Valley) for any 1 calendar month has been below 24 cents per pound. Thus enactment of H. R. 5148 would not affect the suspension of the import tax on copper scrap until the provisions of Public Law 38, as amended, are no longer applicable.

The Tariff Commission in a report dated March 4, 1953, states that the most outstanding development with respect to the scrap-metal market in the United States since mid-1949 has been the sharp rise in demand for scrap in relation to the supply of scrap from all sources. According to the Tariff Commission, the ad valorem equivalents of the rates of duty shown above, based on import values in 1952 and assuming that the duties had actually been assessed, would have been as follows: Iron and steel scrap, 0.9 percent; aluminum scrap, 8.1 percent; copper scrap, 8.0 percent; brass scrap, 8.0 percent; magnesium scrap, 130.8 percent; nickel and nickel-alloy scrap, 6.8 percent; lead

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scrap, 7.5 percent; and zinc scrap, 9.8 percent. Imports of relaying and rerolling rails, which are not separately reported, were probably negligible.

In his report to the Ways and Means Committee on H. R. 2740, which was superseded by H. R. 5148, the Secretary of Commerce stated in part as follows:

Iron, steel, copper, aluminum, and some other scrap metals are currently in short supply and, in addition, are selling at high prices. Accordingly, we recommend enactment of legislation suspending import duties on scrap of such metals. Lead scrap, however, is not presently in short supply, the demand for it has decreased, and the price has dropped. We therefore do not believe, on the basis of the present proposal, that lead scrap should at this time be included in the list of metals on which import duty is suspended.

The acting Judge Advocate General of the Navy, reporting for the Secretary of Defense, in a communication to the Ways and Means Committee dated April 15, 1953, stated in part as follows:

The present and the anticipated demand during the next fiscal year for metal to meet civilian and defense production needs is considered sufficiently great to justify the continued suspension of duties and import taxes on such materials. There exists at the present time definite shortages of certain copper and copper-based alloys and also certain types of steel scrap. In order to encourage the importation of metal scrap, it is considered necessary to continue in effect this measure which tends to make the market for foreign scrap in the United States attractive.

In view of the Bureau of Mines' statistics that only 3,325 tons of zinc scrap were imported during 1952, the Finance Committee was of the opinion that permitting duty-free imports of zinc scrap during the 1-year extension would not, if limited to imports under written contracts entered into prior to July 1, 1953, aggravate the present distressed condition of the domestic zinc-mining industry.

The Treasury Department has reported that it anticipates no unusual administrative difficulties with the provisions of this bill.

CONCLUSION

In view of the continuing shortage of scrap metal generally from domestic sources in relation to demand and the continued high level of defense activity, the enactment of this legislation is recommended.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, 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):

[PUBLIC LAW 869—81ST CONGRESS]

AN ACT To continue until the close of June 30, 1951, the suspension of duties and import taxes on metal scrap, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act of March 13, 1942 (ch. 180, 56 Stat. 171), as amended, is hereby amended to read as follows:

"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.

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“(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 secondhand 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.”

SEC. 2. The amendment made by this Act shall be effective as to merchandise entered, or withdrawn from warehouse, for consumption on or after the day following the date of the enactment of this Act and before the close of June 30, [1953] 1954: *Provided further, That this Act shall not apply to lead scrap or zinc scrap.* It shall also be effective as to merchandise entered, or withdrawn from warehouse, for consumption before the period specified 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, Tariff Act of 1930.

Approved September 30, 1950.

