

# Calendar No. 1000

82D CONGRESS }  
1st Session }

SENATE

{ REPORT  
{ No. 1057

---

## SUSPENDING THE IMPORT DUTIES ON ZINC

—————  
OCTOBER 20 (legislative day, OCTOBER 1), 1951.—Ordered to be printed  
—————

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

### REPORT

[To accompany H. R. 5448]

The Committee on Finance, to whom was referred the bill (H. R. 5448) to provide for the temporary free importation of zinc, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### PURPOSE

The purpose of this bill is to suspend the import duties on zinc-bearing materials and articles which are imposed under paragraphs 77, 393, and 394 of the Tariff Act of 1930, as amended. The items and duties involved are set forth in table 1 in the general statement.

The suspension would apply beginning with the day following the date of enactment of the bill and ending with the close of March 31, 1953, or the termination of the national emergency proclaimed by the President on December 16, 1950, whichever is earlier. A House amendment adds a proviso whereby the President shall revoke the suspension of duties when, for any one calendar month, the average market price of slab zinc (Prime Western, f. o. b. East St. Louis) for that month has been below 18 cents per pound.

## GENERAL STATEMENT

The present rates of duty on zinc-bearing materials and articles which are contained in paragraphs 77, 393, and 394 of the Tariff Act of 1930, as amended, and which would be suspended by this bill, are set forth in the table below.

TABLE 1.—Rates of duty under the Tariff Act of 1930 and present rates on zinc-bearing materials and articles

Description	Tariff Act of 1930 rate	Present rate
<b>Paragraph 77:</b>		
Zinc oxide and leaded zinc oxides containing not more than 25 percent of lead:		
In any form of dry powder.....	1¾ cents per pound.....	¾ cent per pound.
Ground in or mixed with oil or water.....	2¾ cents per pound.....	1 cent per pound.
Lithopone, and other combinations of mixtures of zinc sulfide and barium sulfate containing by weight of zinc sulfide:		
Less than 30 percent.....	1¾ cents per pound.....	¾ cent per pound.
30 percent or more.....	1¾ cents per pound and 15 percent ad valorem.	¾ cent per pound and 7½ percent ad valorem.
<b>Paragraph 393: Zinc-bearing ores of all kinds, except pyrites containing not more than 3-percent zinc.</b>	1½ cents per pound on zinc content.	¾ cent per pound on zinc content.
<b>Paragraph 394:</b>		
Zinc in blocks, pigs, or slabs.....	1¾ cents per pound.....	¾ cent per pound.
Old and worn-out zinc, fit only to be remanufactured, zinc dross, and zinc skimmings.	1½ cents per pound.....	¾ cent per pound. <sup>1</sup>
Zinc dust.....	1¾ cents per pound.....	¾ cent per pound.
Zinc in sheets.....	2 cents per pound.....	1 cent per pound.
Zinc in sheets coated or plated with nickel or other metal (except gold, silver, or platinum), or solutions.	2¾ cents per pound.....	1½ cents per pound.

<sup>1</sup> The duty on nonferrous scrap was suspended effective Oct. 1, 1950, to June 30, 1952, inclusive, as a result of Public Laws 833, 81st Cong., and 66, 82d Cong.

NOTE.—Ad valorem equivalent of the duty: The ad valorem equivalent of the present rates of duties for ores and concentrates is 9.25 percent based on imports during January-June 1951, and 4.14 percent for slab zinc based on imports for January-June 1951.

Zinc is used primarily in galvanizing, in zinc-base die casting alloys, and in the production of brass. Because of its metallurgical properties, zinc has no adequate substitutes for these uses. No other metal is suitable for wide use in the galvanizing or rustproofing of iron and steel. Zinc-base alloys, because of their low melting points, are widely used for die castings and are an important source of equipment and ordnance components. In addition, zinc is required in the manufacture of cartridge cases.

The demand for zinc in the United States which had been rising since the beginning of 1950, both because of growing industrial requirements and an accelerated strategic stockpiling program, increased sharply after the outbreak of hostilities in Korea in June 1950. Domestic consumption for the year 1950 reached the unprecedented total of 1,087,000 short tons, compared with 884,465 short tons in 1948 and 829,643 short tons in 1949. United States mine production for 1950 was 618,207 short tons and recovery from scrap was 58,000 short tons, amounting to a total production of 676,207 short tons.

Consumption, production, export, and import statistics for the years 1948-50 and January-June 1951 are shown in table 2 below.

TABLE 2.—*Unmanufactured zinc: United States consumption, production, exports of domestic merchandise, and imports for consumption, 1948-50 and January-June 1951*<sup>1</sup>

(In short tons of zinc content)

Item	1948	1949	1950 <sup>2</sup>	1951 (January-June) <sup>3</sup>
Consumption <sup>4</sup> .....	884,465	820,643	1,087,000	(4)
Production:				
Mine.....	629,977	593,203	618,207	348,378
Secondary from old scrap.....	74,190	51,651	58,000	(4)
Total production.....	704,167	644,854	676,207	(4)
Exports of domestic merchandise <sup>5</sup> .....	69,304	63,204	20,065	10,425
Imports for consumption: <sup>2</sup>				
Free of duty <sup>6</sup> .....	57,617	71,192	12,303	25,554
Dutiable.....	219,603	213,703	393,616	159,872
Total imports.....	277,220	284,895	405,922	185,426

<sup>1</sup> Represents the zinc contained in ores and concentrates, slabs, blocks, and pigs, zinc scrap and dross and skimmings. Products more advanced in manufacture, such as zinc dust and zinc sheets, are not included.

<sup>2</sup> Preliminary.

<sup>3</sup> Represents all slab zinc consumed plus the zinc content of pigments and salts made directly from ore. In addition, an undetermined small amount of zinc from old scrap was also consumed in making zinc pigments and salts.

<sup>4</sup> Not available.

<sup>5</sup> Estimated on the basis of the percentage increase in 1950 over 1949 of redistilled secondary slab zinc.

<sup>6</sup> Includes the following quantities of zinc in ore imported free of duty for smelting, refining, and export: 40,637 short tons in 1948; 46,062 tons in 1949; and 10,702 tons in 1950.

NOTE.—The statistics in the above table relate to unmanufactured zinc and exclude zinc dust and zinc sheets. United States imports of zinc dust amounted to only 42, 17, and 472 short tons, in 1948, 1949, and 1950, respectively. Imports of zinc sheets in these years were 120 tons, 32 tons, and 211 tons, respectively. United States exports of zinc dust amounted to 891 short tons in 1948, 680 tons in 1949, and 430 tons during January-November 1950. Exports of zinc sheets and strip were 6,350 short tons in 1948, 6,147 tons in 1949, and 3,054 tons during January-November 1950.

Source: Consumption and production data from official statistics of the U. S. Bureau of Mines, except as noted; import and export data, official statistics of the U. S. Department of Commerce.

The table above indicates that the United States is dependent upon imports for about one-third of its current requirements. Increased demand for zinc resulted in a price increase for zinc of Prime Western grade, f. o. b. East St. Louis, from 9¼ cents per pound on January 19, 1950, and 12 cents per pound in May 1950, to 17½ cents per pound on September 7, 1950, at which point the price was frozen. The ceiling price was raised to 19½ cents per pound, effective October 2, 1951.

Trade reports indicate that the demand for zinc, both in the United States and in the world at large, currently exceeds by a considerable margin the available supply. In order to make more zinc available for defense and essential civilian needs in the United States, the National Production Authority issued Order M-15, effective January 1, 1951, limiting nondefense users of zinc to 80 percent of the quantity they used during the base period January-June 1950. Effective July 1, 1951, special high-grade zinc, which is used for zinc-base alloys, was cut to 70 percent of the base-period amount. On August 1, 1951, zinc came under complete allocation with the issuance of distribution Order M-9. Order M-15 is still in effect; however, nondefense users are now permitted only to share what is left after military requirements are met.

The Defense Production Administration has approved a program for the expansion of domestic mine output of zinc ores both for new and

existing mines. Pursuant to this program the General Services Administration and the Defense Materials Procurement Agency have entered into, or are negotiating contracts with domestic producers by which the Government contracts, in accordance with section 303 of the Defense Production Act, to purchase at an agreed floor price for periods of 3 to 5 years all zinc produced from new or expanded facilities which the contractor is unable to dispose of elsewhere at that price, or better. The Defense Production Administration has also granted certificates of necessity for accelerated amortization of new or expanded facilities under section 124A of the Internal Revenue Code.

Zinc is also subject to international allocation under the International Materials Conference. Despite all the above programs, zinc is still, and is expected to be in the future, in very short supply in this country. One reason for this has been the decline in imports of zinc since the beginning of 1951.

The world price for zinc is somewhat above the present domestic ceiling price of 19½ cents per pound. At the end of 1950, when the domestic ceiling price was 17½ cents per pound, it was reported by the trade that the British Ministry of Supply was paying premiums of 4 to 6 cents per pound over the ceiling price for zinc purchased from other European countries and foreign consumers have offered as much as 33 cents per pound for Mexican and Canadian zinc metal.

Although the suspension of duties on zinc-bearing materials and articles will not necessarily result in any substantial increase in imports and will still leave a gap between domestic and world prices, your committee believes that the suspension will tend to increase imports since foreign producers are anxious to create or preserve American markets and to secure dollars.

At the present time, the price paid for imported zinc is over the domestic ceiling and domestic mines are operating at capacity. It would appear that the duties on zinc under these circumstances do not function as a protection for American producers. However, in order to protect domestic producers in the event of a change in the present world situation or unforeseen circumstances which might lessen the demand for zinc or increase the supply, your committee has added a proviso to the bill under which the President would be required to revoke the suspension of duties when, for any one calendar month, the average market price of slab zinc (Prime Western, f. o. b. East St. Louis) falls below 18 cents per pound.

Enactment of legislation suspending the import duties on zinc was requested by the Economic Stabilization Agency. The Bureau of the Budget, the Office of Defense Mobilization, the Defense Production Administration, and the Defense Materials Procurement Agency have expressed their support of such legislation. It does not appear that the Treasury Department will be confronted with any unusual administrative difficulties if this bill is enacted into law.

#### CONCLUSION

In view of the extremely critical situation with respect to zinc and the importance of this metal in the defense program and essential civilian production, your committee recommends prompt enactment of this bill.

