

SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP

MAY 27 (legislative day, MAY 2), 1955.—Filed under authority of the order of the Senate of May 27 (legislative day, May 2), 1955, without amendment, and ordered to be printed

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

R E P O R T

[To accompany H. R. 5223]

The Committee on Finance, to whom was referred the bill (H. R. 5223) to continue until the close of June 30, 1956, the suspension of duties and import taxes on metal scrap, and for other purposes, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H. R. 5223 is to continue the existing exemption of metal scrap from import duties and taxes for another year, until June 30, 1956, with the proviso that the suspension shall not apply to lead scrap or to zinc scrap.

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 July 1, 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. Public Law 221 of the 83d Congress continued the suspension to June 30, 1954, with provision for zinc scrap to come in under the suspension only if imported under the terms of a written contract entered into prior to July 1, 1953; lead scrap was excluded from the suspension. Public Law 678 of the 83d Congress

2 SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP

continued the suspension to June 30, 1955, with provision for the duty on zinc scrap to be suspended only in cases where such scrap was imported under the terms of a contract entered into prior to July 1, 1954. Thus, enactment of H. R. 5223 will result in the continued suspension until June 30, 1956, of the duties and taxes only on those types of metal scrap presently exempted from duties and taxes under Public Law 869, as amended, with the additional exclusion of all zinc 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:

Type of scrap	Para- graph No.	Rate of duty	Sec. 4541, Internal Revenue Code, rate of import tax
Iron and steel.....	301.....	37½ cents per long ton plus additional duties on alloy content.	None.
Aluminum.....	374.....	1½ cents per pound.....	Do.
Copper ¹	1658.....	Free.....	2 cents per pound on the copper content.
Brass.....	1634.....	do.....	Do.
Magnesium.....	375.....	20 cents per pound.....	None.
Nickel and nickel alloy.....	5 or 389.....	12½ percent ad valorem or 1¼ cents per pound.	Do.
Tin and tin plate.....	1786.....	Free.....	Do.

¹ The import tax imposed under sec. 4541, Internal Revenue Code of 1954, on certain copper-bearing articles, including metal scrap containing copper, is also suspended under Public Law 38, 82d Cong., as amended. Public Law 38, as amended, expires on June 30, 1955, 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. H. R. 5695, which passed the House on May 5, 1955, would extend the copper import tax suspension through June 30, 1958.

Relaying and rerolling rails would, in the absence of this legislation, be dutiable at the rate of one-twentieth cent per pound plus additional duties on alloy content under paragraphs 305 and 322 of the Tariff Act of 1930, as modified. Other metal articles not considered scrap within the meaning of the tariff classifications but imported to be used in remanufacture by melting are also exempt from duty under Public Law 869. Such articles would be dutiable, in the absence of special legislation, at various rates too numerous to mention in this report. Data on the volume of imports of such articles are not available but it is probable that in the past few years such imports have not been of major importance in connection with this special legislation.

For some years following World War II, United States imports of metal scrap were many times greater than in prewar years. After 1949 imports of iron and steel scrap and after 1950 scrap of most of the nonferrous metals declined sharply. In the period 1952-54, only in the case of aluminum have imports of scrap represented over 1 percent of total domestic consumption in any year of the metals on which the duties and taxes would be suspended by your committee's bill.

The fact that there have regularly been significant United States exports of scrap of the nonferrous metals as well as of iron and steel scrap would indicate that even when the duties are suspended, the United States is not likely to provide a distinctly better outlet than foreign countries for scrap metals originating abroad.

No objection to the adoption of this bill has been received from any Government departments. The Department of Commerce and the Department of State have indicated that they favor the passage of the bill.

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, 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):

SECTION 2 OF THE ACT OF SEPTEMBER 30, 1950 (PUBLIC LAW 869, 81ST CONG.)

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, 1955] *June 30, 1956*. 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.

