

SUSPENSION OF DUTIES ON METAL SCRAP

MAY 21, 1958.—Ordered to be printed

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

REPORT

[To accompany H. R. 10015]

The Committee on Finance, to whom was referred the bill (H. R. 10015) to continue until the close of June 30, 1959, the suspension of duties 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.

COMMITTEE AMENDMENT

The Finance Committee amended the House bill by adding a section 3 to amend section 1 (b) of the act of March 13, 1942. This amendment would add the following language to that now existing in section 1 (b):

but does not include such nonferrous materials and articles in pig, ingot, or billet form which have passed through a smelting process and which can be commercially used without remanufacture.

This amendment would provide that primary or virgin nonferrous metal in pig, ingot, or billet form, which is commercially usable in the direct manufacture of articles without sweetening or other modification of its constituents would not be included in the duty-free provisions of the bill.

PURPOSE

The purpose of H. R. 10015, as amended, is to amend section 2 of Public Law 869, 81st Congress, as amended, to continue for 1 year (from the close of June 30, 1958, to the close of June 30, 1959) the suspension of duties on metal scrap. The bill contains the existing proviso that the suspension shall not apply to lead scrap, lead alloy scrap, antimonial lead scrap, scrap battery lead or plates, zinc scrap, or zinc alloy scrap, or to any form of tungsten scrap, tungsten carbide scrap, or tungsten alloy scrap, or to articles of

lead, lead alloy, antimonial lead, zinc, or zinc alloy, or to articles of tungsten, tungsten carbide, or tungsten alloy, imported for remanufacture by melting. The bill, as reported, also provides that the suspension shall not apply to any article provided for in section 4541 of the Internal Revenue Code of 1954.

GENERAL STATEMENT

The temporary suspension of the duties on imports of metal scrap provided under present law to June 30, 1958, makes free of duty imports of metal scrap including such principal types of scrap as iron and steel, aluminum, magnesium, nickel, and nickel alloys. Your committee's bill would continue this suspension through June 30, 1959. The suspension of duties as provided under present law and its proposed extension under H. R. 10015 are of no significance with respect to the tariff treatment of imports of tin and tinplate scrap, because imports of such scrap, along with imports of tin in other unmanufactured forms, would not be subject to duty or import taxes in any case.

Section 2 of the bill, as reported, provides that this suspension shall not apply to any article provided for in section 4541 of the Internal Revenue Code of 1954. In general, section 4541 of the Internal Revenue Code of 1954 imposes an import tax on certain copper-bearing ores and concentrates, other articles of which copper is the component material of chief value, and other articles containing 4 percent or more of copper by weight.

Scrap of the various nonferrous metals, whether imported or of domestic origin, may be considered for most purposes simply as relatively small components in the total United States supplies of the respective metals, although some manufacturers depend wholly on metal scrap as a source of raw material. The relation of iron and steel scrap to the total supplies of iron and steel is somewhat different from that existing with respect to nonferrous metals. This is because the economical production of steel by the open-hearth process requires that part of the iron-bearing materials used consist of heavy melting scrap. Thus, much iron and steel scrap constitutes a material important to the domestic production of steel. Despite the fact that imports of scrap metals have not in the past few years constituted important components of the total supplies of the various metals, the imports in some cases have represented important sources of the metals for limited numbers of consumers of such metals in some sections of the country.

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	Paragraph No.	Rate of duty
Iron and steel.....	301.....	37½ cents per long ton plus additional duties on alloy content.
Aluminum.....	374.....	1½ cents per pound.
Magnesium.....	375.....	14.3 cents per pound.
Nickel and nickel alloy.....	5 or 339.....	11 percent ad valorem or 1¼ cents per pound.
Tin and tinplate.....	1786.....	Free.

Relaying and rerolling rails would, in the absence of this legislation, be dutiable at the rate of one-twentieth of 1 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 of the 81st Congress. 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.

Favorable reports on the bill were made by the Departments of the Treasury, State, Interior, Defense, Commerce, and Labor.

LEGISLATIVE BACKGROUND

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 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. Public Law 66 of the 84th Congress further extended the period of application of Public Law 869 from July 1, 1955, to June 30, 1956, and continued the exclusion of lead and zinc scrap from the suspension; unlike Public Laws 221 and 678 of the 83d Congress, Public Law 66, did not exempt from duty imports of zinc scrap purchased under written contracts entered into before specified dates. Public Law 723 of the 84th Congress continued the suspension until June 30, 1957, of the duties and taxes only on those types of metal scrap exempted from duties and taxes under Public Law 869, as amended, with the additional exclusion from the suspension of lead scrap, lead alloy, scrap, antimonial lead scrap, scrap battery lead or plates, zinc scrap, or zinc alloy scrap; or to articles of lead, lead alloy, antimonial lead, zinc, or zinc alloy. Public Law 85-87 continued the suspension until June 30, 1958, of the duties and taxes only on those types of metal scrap exempted from duties and taxes under Public Law 723 of the 84th Congress, with the additional exclusion from the suspension of any form of tungsten scrap, tungsten carbide scrap, or tungsten alloy scrap, or to articles of tungsten, tungsten carbide, or tungsten alloy.

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):

PUBLIC LAW 869, 81ST CONGRESS

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.

"(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, *but does not include such nonferrous materials and articles in pig, ingot, or billet form which have passed through a smelting process and which can be commercially used without remanufacture.*"

"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, [1958] 1959. 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.