

SUSPENSION ON DUTIES ON METAL SCRAP

JULY 8, 1959.—Ordered to be printed

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

R E P O R T

[To accompany H.R. 6054]

The Committee on Finance, to whom was referred the bill (H.R. 6054) to continue until the close of June 30, 1960, the suspension of duties on metal scrap, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H.R. 6054 is to amend section 2 of Public Law 869, 81st Congress and continue for 1 year the suspension of duties on metal scrap. The present extension ends June 30, 1959, and the present bill would substitute the date June 30, 1960.

The bill contains the proviso in the present law 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 tungsten alloy scrap, or to articles of tungsten, tungsten carbide, or tungsten alloy, imported for remanufacture by melting. The bill also continues the provision that the suspension shall not apply to any article provided for in section 4541 of the Internal Revenue Code of 1954, having to do with certain copper imports.

GENERAL STATEMENT

The suspension of the duties on imports of metal scrap provided for under present law (to June 30, 1959) provides for the free entry of metal scrap such as iron and steel, aluminum, magnesium, nickel, and nickel alloys. H.R. 6054 would continue this suspension through June 30, 1960. The tariff treatment of tin and tinplate scrap is not altered by this bill because imports of those products would not be subject to duty or import taxes in any case.

Section 2 of the bill provides that the suspension of duties shall not apply to any article provided for in section 4541 of the Internal Revenue Code of 1954, which, in general, 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 supplies of metals, although some manufacturers rely largely, or almost entirely, on 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, in that the economical production of steel by the open-hearth process requires that part of the iron-bearing materials used consist of heavy melting scrap. It thereby becomes a material of great importance to the domestic production of steel. Even though imports of all scrap metals during recent years have not been large, they are nevertheless an important element and, in some cases, consumers in some sections of the country rely almost entirely on available scrap and would be seriously handicapped if sources were closed.

The rates of duty on the principal types of ferrous and nonferrous metal scrap which would apply unless the present suspension is continued 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. |
| Nickel and nickel alloy..... | 5 or 389..... | 10½ percent ad valorem or 1¼ cents per pound. |
| Tin and tinplate..... | 1785..... | Free. |
| Magnesium..... | 375..... | 50 percent ad valorem. |

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. 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 such special legislation.

DEPARTMENTAL REPORTS

The following favorable reports were received from the Bureau of the Budget and Department of Treasury and State:

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., July 6, 1959.

HON. HARRY F. BYRD,
Chairman, Committee on Finance, U.S. Senate, New Senate Office Building, Washington 25, D.C.

MY DEAR MR. CHAIRMAN: This is in reply to your letter of June 26, 1959, requesting a report on H.R. 6054, an act to continue until the close of June 30, 1960, the suspension of duties on metal scrap, and for other purposes.

In our report of May 27, 1959, we indicated that we had no objection to the enactment of S. 1653, a bill similar in purpose to H.R. 6054. We also have no objection to the enactment of H.R. 6054.

Sincerely yours,

(S) PHILLIP S. HUGHES,
Assistant Director for Legislative Reference.

THE GENERAL COUNSEL OF THE TREASURY,
Washington, D.C., June 22, 1959.

HON. HARRY F. BYRD,
Chairman, Committee on Finance, U.S. Senate, Washington, D.C.

MY DEAR MR. CHAIRMAN: Reference is made to your letter of June 17, 1959, requesting the views of this Department on H.R. 3269, to authorize the payment of veterans' benefits to certain veterans who were discharged as aliens.

The proposed legislation would amend 38 U.S.C. 3103 to permit the payment of benefits to certain veterans who were discharged as aliens in the absence of affirmative evidence establishing that the veteran applied for or solicited the discharge.

Since the proposed legislation relates to matters primarily within the jurisdiction of the Veterans' Administration, this Department has no comments to make on the bill.

Very truly yours,

JOHN K. CARLOCK,
Acting General Counsel.

DEPARTMENT OF STATE,
July 7, 1959.

HON. HARRY F. BYRD,
Chairman, Committee on Finance,
U.S. Senate.

DEAR SENATOR BYRD: I refer to your communication of June 26, 1959, acknowledged on June 26, requesting the views of the Department of State on H.R. 6054, to continue until the close of June 30, 1960, the suspension of duties on metal scrap, and for other purposes.

The Department of State has examined H.R. 6054 from the standpoint of foreign economic policy objectives and would have no objection to its enactment.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

WILLIAM B. MACOMBER, Jr.,
Assistant Secretary
(For the Secretary of State).

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):

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.¹

"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

¹ For the information of the Members of the Senate, the text of sec. 1 of the act of Mar. 13, 1942, is shown as amended by sec. 3 of Public Law 85-453.

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, [1959] 1960. 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.

