

TEMPORARY SUSPENSION OF DUTIES ON METAL SCRAP

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

REPORT

[To accompany H.R. 5615]

The Committee on Finance, to which was referred the bill (H.R. 5615) to continue until the close of June 30, 1969, the existing suspension of duties for metal scrap, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE

This bill continues from June 30, 1967, to the close of June 30, 1969, the existing suspension of duties on metal waste and scrap, unwrought metal and articles of metal to be remanufactured by melting, etc., provided by item 911.12 of the Tariff Schedules of the United States.

SUMMARY OF COMMITTEE AMENDMENTS

The committee amendments delete the features of the House bill which dealt with suspension of duty on copper scrap and waste copper articles. Those features will be dealt with when the present copper tariff suspension legislation expires in 1968.

GENERAL STATEMENT

Legislation for the temporary suspension of the duties on various metal scrap was first enacted in 1942 (Public Law 497, 77th Cong., act of Mar. 13, 1942, 56 Stat. 171). With various changes the suspension was continued from time to time depending upon the scarcity of the particular metals at the time. Under present law these duties would be reinstated July 1, 1967, unless action is taken to continue their suspension.

This bill would continue for 2 years (until July 1, 1969) the temporary suspension of the duties on certain metal waste and scrap, etc., provided by item 911.12 of the Tariff Schedules of the United States;

principally such metal scrap as iron and steel, aluminum, magnesium and nickel. As before, the bill would not suspend the duties applicable to waste and scrap of lead, lead alloy, zinc, zinc alloy, tungsten, or tungsten alloy, nor would it suspend the duties applicable to articles of unwrought lead, lead alloy, zinc, zinc alloy, tungsten, or tungsten alloy.

EXPLANATION OF COMMITTEE AMENDMENTS

As passed by the House of Representatives this bill would have extended tariff-free treatment for both copper waste and scrap (item 911.10) and articles of copper (item 911.11) as well as for other metals in comparable forms (item 911.12). In the case of copper scrap the existing law (Public Law 89-468, approved June 23, 1966) provides for suspension of duty through June 30, 1968. The suspension of duty for other metal scrap on the other hand terminates 1 year sooner, on June 30, 1967 (Public Law 89-61, approved June 30, 1965).

Because of this earlier termination date it is appropriate that continuation of the duty suspension on other metal scrap be considered at this time. However, no such urgency compels extension of the duty suspension with respect to copper scrap. To the contrary, Congress concluded in 1966 (when it acted to suspend copper tariffs as part of the administration's efforts to ease the copper shortage and restore lower copper prices) that the tariff on all forms of copper should be dealt with in a simple bill and at the same time. The 1966 legislation did just that. It suspended the duties (derived from the former import tax) on copper ores, copper blister, unwrought copper, cement copper, and articles of copper and copper scrap imported for the purpose of reclaiming the copper metal such articles or scrap contain.

The circumstances leading up to the 1966 legislation suggest the desirability of continuing to consider the tariff treatment of these copper imports at the same time, rather than to deal piecemeal with copper scrap and waste and copper articles this year and then take up copper ores and blister, etc., next year.

That being the case, the committee amendment deletes that portion of the House bill which would have extended the suspension of duty on copper scrap and waste copper articles from June 30, 1968, to June 30, 1969. In taking this action, however, the committee is not passing on the merits of a continuation of temporary duty-free entry for these copper imports. That question will be debated when the whole copper tariff suspension legislation comes up for extension next year.

ARTICLES TO WHICH BILL APPLIES

Item 911.12 of the Tariff Schedules of the United States applies to—

(1) Metal waste and scrap (provided for in pt. 2 of schedule 6 of the schedules), except copper, lead, zinc, and tungsten waste and scrap;

(2) Unwrought metal (except copper, lead, zinc, and tungsten) in the form of pigs, ingots, or billets (a) which are defective or damaged, or have been produced from melted down metal waste and scrap for convenience in handling and transportation without sweetening, alloying, fluxing, or deliberate purifying; and (b) which cannot be commercially used without remanufacture;

- (3) Relaying or rerolling rails; and
 (4) Articles of metal to be used in remanufacture by melting (except articles of lead, zinc, or tungsten, and not including metal-bearing materials provided for in schedule 4 or in pt. 1 of schedule 6 of the schedules, and not including unwrought metal provided for in pt. 2 of schedule 6 of the schedules).

BACKGROUND INFORMATION

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 U.S. 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	Item No.	Rate of duty
Iron and steel.....	607.11 or 607.12.....	37½ cents per long ton plus additional duties on alloy content.
Aluminum.....	618.10.....	1½ cents per pound.
Nickel and nickel alloy.....	620.02.....	1½ cents per pound.
Tin and tinplate.....	607.10 or 622.10.....	Free.
Magnesium.....	628.55.....	40 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 items 610.20 to 610.21 of the Tariff Schedules of the United States. 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 items 911.10 to 911.12 of these schedules. Such articles would be dutiable, in the absence of special legislation, at various rates too numerous to mention in this report.

CONCLUSION

Your committee has received favorable comment on this legislation from the interested Federal departments and agencies, and has received no information which would indicate any opposition to the legislation. The U.S. Tariff Commission has advised your committee that the conditions which prompted the initial suspension of duty on

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metal scrap and the continuations thereof to the present time have not materially changed.

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 italic; existing law in which no change is proposed is shown in roman):

TARIFF ACT OF 1930

TARIFF SCHEDULES OF THE UNITED STATES

APPENDIX TO THE TARIFF SCHEDULES

Part 1. Temporary Legislation

Item	Articles	Rates of duty			Effective period
		1	2		
	<p>PART 1. TEMPORARY LEGISLATION</p> <p>Subpart A. Temporary Provisions for Additional Duties</p> <p>• • • • •</p> <p>Subpart B. Temporary Provisions Amending the Tariff Schedules</p> <p>Subpart B. headnotes:</p> <p>1. Any article described in the provisions of this subpart, if entered during the period specified in the last column, is subject to duty at the rate set forth herein in lieu of the rate provided therefor in Schedules 1 to 8, inclusive.</p> <p>• • • • •</p>				
	<p>Metal waste and scrap (provided for in part 2, schedule 6), except lead, zinc, and tungsten waste and scrap; unwrought metal (except copper, lead, zinc, and tungsten) in the form of pigs, ingots, or billets (a) which are defective or damaged, or have been produced from melted down metal waste and scrap for convenience in handling and transportation without sweetening, alloying, fluxing, or deliberate purifying, and (b) which cannot be commercially used without remanufacture; relaying or rerolling rails; and articles of metal (except articles of lead, of zinc, or of tungsten, and not including metal-bearing materials provided for in schedule 4 or in part 1 of schedule 6 and not including unwrought metal provided for in part 2 of schedule 6) to be used in remanufacture by melting;</p> <p>• • • • •</p>	Rates of duty			Effective period
		1-a	1-b	2	
911.12	Other.....	Free	Free	Free	<p>[6/30/68] 6/30/69 On or before [6/30/67] 6/30/69</p>