

TEMPORARY SUSPENSION OF DUTY ON CERTAIN AMORPHOUS GRAPHITE

MAY 3, 1960.—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. 1217]

The Committee on Finance, to whom was referred the bill (H.R. 1217) to suspend for 2 years the import duty on certain amorphous graphite, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H.R. 1217 is to provide for the free importation during a 2-year period of amorphous graphite or plumbago (crude or refined) which is valued at \$50 per ton or less.

GENERAL STATEMENT

Natural graphite is a soft, black mineral occurring in disseminated flakes or in scaly, granular, compact, or earthy masses. The term "crystalline graphite" or "flake graphite" refers to varieties that occur in crystals large enough to be visible to the unaided eye. The type covered by this bill is a very fine granular variety which is actually crypto-crystalline or featuring particles so fine that they are not recognizable individually except under a high-power microscope.

Amorphous graphite or plumbago, crude or refined, and regardless of value, was made dutiable in paragraph 213 of the Tariff Act of 1930, as originally enacted, at the rate of 10 percent ad valorem. The duty was reduced to 5 percent ad valorem pursuant to a bilateral trade agreement with the United Kingdom, effective January 1, 1939, and the reduced rate was bound against increase in a bilateral trade agreement with Mexico effective January 30, 1943. The reduced rate of 5 percent ad valorem was again bound against increase in the General Agreement on Tariffs and Trade, effective January 1, 1948.

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These concessions extended to both the natural and artificial product, both of which are classified under paragraph 213. Effective September 10, 1955, the duty on the natural product was further reduced to 2½ percent ad valorem, pursuant to a further concession. The duty on the artificial product was not further reduced and remains 5 percent ad valorem.

Amorphous graphite is a mineral which has a wide variety of uses. For example, it is used for foundry facings and in the manufacture of carbon brushes, dry-cell batteries, pencils and paints, lubricants, and brush stock for electric motors.

The United States has long been dependent on imports for nearly all of its requirements of natural amorphous graphite. Domestic production supplies only a negligible part of the domestic consumption of natural amorphous graphite, probably about 1 percent of the total, and this consists chiefly of the lower grades of natural amorphous graphite. There is a large domestic production of the artificial amorphous graphite which has supplied nearly all of the domestic requirements.

In recent years over 95 percent of the amorphous graphite imported for consumption in the United States originated in Canada, Ceylon, Mexico, and Norway. During the period 1951-56, Mexico supplied about 80 percent of the total quantity entered and about 41 percent of the total value. The major part of the Mexican deposits of amorphous graphite is owned and operated by U.S. concerns. The imports of the natural products originating in Ceylon consist of, generally, high-grade or high-quality material which is suitable for certain strategic items required by the Air Force. Natural graphite, amorphous carbon lump, is among materials listed as strategic and critical for stockpiling purposes by the Federal Government.

The Department of Commerce recommended that all graphite be placed on the free list. Opposition to any such move was registered by the industry and one producer expressed the fear that even the present bill might be interpreted as "opening the door" to similar action on other forms of graphite. Testimony offered in the hearings on the bill was to the effect that the bill limited the free importation to amorphous graphite valued at \$50 per ton or less and that this was not likely to have any effect on domestic production which consists of other forms of graphite valued at much more than \$50 per ton. On this basis the committee recommends that the bill be adopted without amendment.

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):

TARIFF ACT OF 1930

TITLE I—DUTIABLE LIST

SECTION 1. That on and after the day following the passage of this Act, except as otherwise specially provided for in this Act, there shall be levied, collected, and paid upon all articles when imported from any foreign country into the United States or into any of its possessions (except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam) the rates of duty which are prescribed by the schedules and paragraphs of the dutiable list of this title; namely:

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SCHEDULE 2.—EARTHS, EARTHENWARE, AND GLASSWARE

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PAR. 213. Graphite or plumbago, crude or refined: [Amorphous, 10 per centum ad valorem;] crystalline lump, chip, or dust, 30 per centum ad valorem; crystalline flake, 1⁵/₁₀₀ cents per pound. As used in this paragraph, the term "crystalline flake" means graphite or plumbago which occurs disseminated as a relatively thin flake throughout its containing rock, decomposed or not, and which may be or has been separated therefrom by ordinary crushing, pulverizing, screening, or mechanical concentration process, such flake being made up of a number of parallel laminae, which may be separated by mechanical means.

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TITLE II—FREE LIST

SEC. 201. That on and after the day following the passage of this Act except as otherwise specially provided for in this Act, the articles mentioned in the following paragraphs, when imported into the United States or into any of its possessions (except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam), shall be exempt from duty:

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PAR. 1823. *Amorphous graphite or amorphous plumbago, crude or refined.*

