

TEMPORARY SUSPENSION OF DUTY ON CERTAIN CATALYSTS OF PLATINUM AND CARBON USED IN PRODUCING CAPROLACTAM

JULY 9 (legislative day, JULY 7) 1975.—Ordered to be printed

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

REPORT

[To accompany H.R. 7728]

The Committee on Finance, to which was referred the bill (H.R. 7728) to suspend until the close of October 31, 1975, the duty on catalysts of platinum and carbon used in producing caprolactam, having considered the same, reports favorably thereon with an amendment and recommends that the bill, as amended, do pass.

I. SUMMARY

House bill.—The first section of the bill amends subpart B of part 1 of the Appendix to the Tariff Schedules of the United States (TSUS) to insert new item number 911.40 after item number 911.25 to suspend the column 1 and column 2 rates of duty on catalysts of platinum and carbon imported for use in producing caprolactam until October 31, 1975.

Section 2 of the bill applies the temporary duty suspension to imports of such catalysts entered, or withdrawn from warehouse, for consumption on or after the date of enactment. It also provides for retroactive duty suspension on entries or withdrawals after October 1, 1973, upon appropriate request filed with the customs officer concerned within 120 days after the date of enactment.

Committee amendment.—The committee amendment would change the form of the termination date in the bill from written to numerical.

II. GENERAL STATEMENT

The particular type of catalysts covered by the bill are imported under item 656.05 of the TSUS. They are currently subject to a column

1 rate of duty of 20 percent ad valorem (applicable to imports from countries accorded nondiscriminatory (MFN) tariff treatment) and a column 2 rate of 65 percent ad valorem (applicable to imports from countries not accorded MFN treatment). The suspension would apply to both the column 1 and column 2 duties.

Caprolactam monomer is a benzenoid chemical used primarily as an intermediate in producing nylon 6, which is used mainly in the manufacture of fabrics, tires, and plastics. It has been in short supply until recently.

There are three domestic producers of caprolactam. One of these firms introduced a new production process in late 1973 and found it necessary to use a specially designed platinum-carbon catalyst. Neither this catalyst nor a suitable substitute was available at the time from domestic producers and they were obtained instead from a catalyst manufacturer in West Germany.

Generally, the usefulness of precious-metal catalysts such as these can be extended by periodically restoring the carbon base. Normally this operation is performed by the user in his plant. In this case, however, neither the user nor the domestic catalyst manufacturers could restore the carbon base. The caprolactam producer had to ship the spent catalysts to the West German manufacturer to recycle the palladium and platinum into new catalysts. Although over 97 percent of the value of the new catalyst is accounted for by platinum and palladium on which the duty had been paid previously, under a Customs ruling the article has been subject to the full duty each time it has been reimported as though it were a new catalyst. About every three months the firm has been importing a shipment of the catalysts valued at about \$300,000. The 20 percent ad valorem duty on this value has represented a considerable outlay for the firm.

The committee agreed to amend the House bill to change the form of the termination date from "October 31, 1975" to "10/31/75."

The Committee recommends favorable consideration of the bill by the Senate. No unfavorable comment was received by the Committee from the general public on this bill. No executive agencies objected to this bill. The Department of the Treasury suggested that the termination date be moved back to an earlier date, but the Committee agreed to keep the October 31, 1975 termination date in the House bill.

III. COSTS OF CARRYING OUT THE BILL AND EFFECT ON THE REVENUES OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out this bill and the effect of the revenues of the bill. The Committee estimates that the temporary suspension of duties on catalysts of platinum and carbon used in producing caprolactam provided by the bill would result in a loss of revenues of approximately \$240,000.

IV. VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, as amended, the following statement is made relative to the vote

of the committee on reporting the bill. This bill was ordered favorably reported by the committee without a rollcall vote and without objection.

V. 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 SCHEDULES OF THE UNITED STATES
APPENDIX TO THE TARIFF SCHEDULES—Continued

Item	Articles	Rates of duty		Effective period
		1	2	
	PART 1.—TEMPORARY LEGISLATION			
	Subpart B.—Temporary Provisions Amending the Tariff Schedules			
911.25	Synthetic rutile (provided for in item 603.70, part 1, schedule 6).	-----	No change-----	On or before 6/30/77.
911.40	<i>Catalysts of platinum and carbon (provided for in item 666.05, part 3G, schedule 6) when imported for use in producing caprolactam.</i>	<i>Free</i> -----	<i>Free</i> -----	<i>On or before 10/31/76.</i>

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