Calendar No. 1411

90TH CONGRESS 2d Session | SENATE | REPORT No. 1429

ALUMINA AND BAUXITE

JULY 17, 1968.—Ordered to be printed

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

REPORT

[To accompany H.R. 7735]

The Committee on Finance, to which was referred the bill (H.R. 7735) relating to the dutiable status of aluminum hydroxide and oxide, calcined bauxite, and bauxite ore, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

I. Summary of Bill as Amended by Committee

Continue Temporary Suspension of Duties of Alumina and Bauxite for 2 Years

A committee amendment deletes that provision of the House bill which would have placed alumina, calcined bauxite, and bauxite ore permanently on the free list. As amended, this bill would continue for 2 years, until July 15, 1970, the suspension of duties on alumina and calcined bauxite and bauxite ore. Currently, the duties on these articles are temporarily suspended until July 15, 1968.

Tax Credit for Certain Small Business Losses

The committee added to the bill an amendment which would provide a limited income tax credit, reduced by payments directed to be made from the War Claims Fund, to certain small business taxpayers whose properties in Europe were originally confiscated by Germany during World War II and then after the war were ceded by treaty between the United States and the Soviet Union to Soviet Union control.

Distilled Spirits Tax—Time for Filing Drawback Claims

Another amendment added by the committee would extend from 3 months to 6 months the period in which a refund claim could be filed for drawbacks of distilled spirits for use in medicines, medicinal preparations, food products, flavors, or flavoring extracts, which are unfit for beverage purposes. This is effective as of January 10, 1967.

Continue Temporary Suspension of Duties on Copper for 2 Years

The committee approved an amendment to provide for an extension of the duty suspension on unwrought copper, copper waste, and scrap for 2 years, until June 30, 1970. The most recent duty suspension of these articles went into effect on February 9, 1966, and expired on June 30, 1968. The committee amendment would also change the "peril point" provisions pertaining to this duty suspension so that if the domestic price of copper were to fall below 36 cents per pound, duties would be restored. The existing peril point price is 24 cents per pound.

Filters for Use in Artificial Kidney Machines

The committee approved an amendment to provide for duty-free entry of certain cellulosic materials imported for use in artificial kidney machines. The cellulosic sheet used in such machines is now dutiable at 20 percent ad valorem, and is not produced commercially in the United States.

II. Alumina and Bauxite

History of Duty Suspensions

There is a long history of temporary suspensions of duties on alumina and bauxite.

The duties on bauxite ore and calcined bauxite have been suspended on a temporary basis since July 15, 1954. The duty on alumina has been suspended on a temporary basis since July 17, 1956. Since 1958, the temporary suspension has been continued for both bauxite and alumina by the same bill. The development of this suspension legislation is as follows:

	Public law and bill number	Product	Date
83d Congress	Public Law 83-499 (H. R. 222)	Bauxite	From July 16, 1954, until July 15, 1956.
84th Congress	Public Law 84-724 (H.R. 8228)	do	Until July 15, 1958.
	Public Law 84-725 (H. R. 10269)	Alumina	From July 17, 1956, until July 15, 1958.
85th Congress	Public Law 85-415 (H.R. 9917)	Bauxite and alumina	Until July 15, 1960.
86th Congress	Public Law 86-441 (H.R. 9307)	do	Until July 15, 1962.
87th Congress	Public Law 87-567 (H.R. 9520)	do	Until July 15, 1964.
88th Congress	Public Law 88-362 (H.R. 9311)	do	Until July 15, 1966.
89th Congress	Public Law 89-440 (H.R. 12657)	do	Until July 15, 1968.

Commodity Uses

Alumina, which is obtained from aluminum hydroxide by calcination, is principally used in the production of metallic aluminum, but is also used in the manufacture of abrasives, refractories, and aluminum chemicals.

Bauxite ore is a mineral used in the production of alumina, from which aluminum and other products are produced. About 94 percent of the bauxite consumed in the United States is chemically converted into alumina for subsequent use in the production of aluminum. Bauxite is considered to be vital to domestic industries; such as, aluminum, steel, and chemical industries. The committee is advised that known commercial deposits of bauxite are small and that U.S. production of bauxite now accounts for less than 15 percent of domestic requirements.

Calcined bauxite is produced by firing bauxite ore to a temperature of about 2000° F., to eliminate all water, and crushing and sizing the fired material. Calcined bauxite is used chiefly in the manufacture of high-alumina refractories in the form of bricks and cementing compounds.

Tariff Treatment

Alumina

The current most favored nation rate of duty (applicable to most non-Communist countries) for aluminum hydroxide and oxide (alumina) in the tariff schedules (item 417.12) is 0.22 cent per pound ($4.40 per short ton). This rate is the first stage of a five-stage annual reduction in duty proclaimed pursuant to a concession granted by the United States in the Kennedy round. The final stage of 0.12 cent per pound is scheduled to become effective January 1, 1972. The current rate applying to products of countries designated by the President as being under Communist domination or control is 0.5 cent per pound ($10 per short ton).

TARIFF TREATMENT

MOST FAVORED NATION RATE (COL. 1 OF TARIFF SCHEDULES)

	Prior rate before Jan. 1, 1968	Rate of duty effective after Jan. 1—					Rate applicable to most Communist countries (col. 2 of Tariff Schedules)
		1968	1969	1970	1971	1972	
Alumina (aluminum hydroxide and oxide) (TSUS 417.12) .... pound..	$0.25	$0.22	$0.2	$0.17	$0.15	$0.12	$0.50
Calcined bauxite (TSUS 521.17) ...... ton..	.55	.44	.33	.22	.11	(1)	1.00
Bauxite ore (TSUS 601.06) .... do....	.50	.40	.30	.20	.10	(1)	1.00

(1) Free.

Calcined Bauxite

The current most favored nation rate of duty for calcined bauxite in the tariff schedules (item 521.17) is 44 cents per long ton. This rate is the first stage of a five-stage annual reduction in duty proclaimed pursuant to a concession granted by the United States in the Kennedy round. This product will be free of duty when the final stage becomes effective, January 1, 1972. The rate of duty applicable to most Communist countries for calcined bauxite is $1 per long ton. This rate is temporarily suspended.

Bauxite Ore

The current most favored nation rate of duty for bauxite ore (item 601.06 of the tariff schedules) is 40 cents per long ton. This rate is the first stage of a five-stage annual reduction in duty proclaimed pursuant to the Kennedy round. Bauxite ore, like calcined bauxite, will become free of duty on January 1, 1972, when the final stage becomes effective. The rate applicable to most Communist countries for bauxite ore is $1 per long ton. This rate is currently suspended.

Imports

Aluminum Oxide (Alumina)

Imports of aluminum oxide for use in producing aluminum were 967,491 short tons, valued at $51.1 million in 1967, up from 87,800 short tons ($5.7 million) in 1960. Imports of aluminum oxide for use in other than aluminum is estimated at 8,839 short tons ($650,000) in 1967.

ALUMINUM OXIDE: CONSUMPTION, PRODUCTION, IMPORTS

[In short tons]

Year	Consumption	Production	Imports	Ratio of imports to consumption
1960	3,821,000	3,873,000	87,800	2.3
1961	3,618,000	3,688,000	179,804	5.0
1962	4,044,000	4,389,000	174,201	4.3
1963	4,276,000	4,799,000	189,703	4.4
1964	4,849,000	5,279,000	251,574	5.2
1965 [1]	5,210,000	5,538,000	243,607	4.8
1966 [1]	5,650,000	5,870,000	523,955	9.3
1967 [1]	6,140,000	6,020,000	[2] 967,491	15.8

[1] Exports of aluminum oxide were: 318,000 short tons in 1965 ($25,000,000); 323,000 short tons in 1966 ($27,000,000); and 548,000 short tons in 1967 ($41,000,000).

[2] The principal supplying countries were: Surinam with 400,217 short tons, Jamaica with 130,315 short tons, Japan with 42,704 short tons, Guyana with 26,216 short tons, and Guinea with 21,522 short tons.

Bauxite

Imports of bauxite account for over 85 percent of domestic requirements.

BAUXITE, CRUDE: IMPORTS, U.S. PRODUCTION, AND CONSUMPTION

[In 1,000 long tons]

Year	Consumption	Production	Imports	Ratio of foreign ores consumed to total
1960	8,883	1,998	8,739	81.8
1961	8,621	1,228	9,210	88.1
1962	10,577	1,369	10,575	85.1
1963	11,317	1,525	9,170	85.2
1964	12,546	1,601	10,180	86.2
1965	13,534	1,654	11,400	86.7
1966	14,084	1,796	11,529	86.8
1967 [1]	14,240	1,654	12,995	87.2

[1] Imports in 1967 were valued at $151,400,000, as compared with $78,000,000 in 1960. The principal supplying countries in 1967 were: Jamaica ($101,000,000); Surinam ($29,600,000); Dominican Republic ($12,600,000); Guyana ($3,600,000); and Haiti ($3,400,000).

Note: Calcined bauxite imports in 1967 were 214,000 long tons or $6,300,000, and accounted for 76 percent of U.S. consumption. The main suppliers are Guyana (formerly British Guiana) and Surinam (formerly Dutch Guiana).

Executive Branch Position

The duty suspensions on alumina and bauxite are supported by the various agencies of the executive branch. The Department of State in its report of June 21, 1968, advised your committee as follows:

> Bauxite and related aluminum ores constitute the basic raw materials for the U.S. aluminum industry. Due to limited domestic production and resources, our industry largely relies on imported ores which are principally supplied by less developed countries in the Caribbean area. Total imports amounted to approximately $184 million in 1966. Considering the dependence of the United States on imported ores, the Department has no objection to the enactment of H.R. 7735.

Committee Position

The Committee on Finance is of the opinion that suspension of the tariff on alumina and bauxite should be continued on the temporary basis which has applied for many years. A permanent suspension of the tariff on these products, as contemplated by the House bill, would deny Congress the opportunity to review the developing technology in this industry, and new sources of raw materials which may be developed in the future. For this reason, the committee has amended the House bill to substitute a 2-year extension (until June 30, 1970) of the present temporary suspension rules for the permanent duty-free treatment proposed by the House.

III. Tax Credit for Certain Small Business Losses

Background.—Public Law 87-846 (enacted Oct. 22, 1962) amended the War Claims Act of 1948 to provide relief to certain American claimants previously ineligible to receive benefits for their losses arising from World War II. Among the claims provided for in the 1962 amendments were those for the loss of property located in eastern Europe resulting from special measures directed against the property because of the enemy or alleged enemy character of the owner. Awards based on these claims were certified by the Foreign Claims Settlement Commission to the Secretary of the Treasury for payment from the War Claims Fund. The War Claims Fund is comprised of the sums derived from the liquidated proceeds of alien property vested in the Attorney General of the United States or transferred to him under the Trading With The Enemy Act.

The 1962 legislation provided a priority in the payment of the awards for property of any claimant certified as having been on the date of the loss a small business concern within the meaning of the Small Business Act. These claimants were to receive payment in full of their awards. However, as administered by the Foreign Claims Settlement Commission, the awards were limited to amounts equal to the estimated value of the properties on the date they were originally lost during World War II. No compensation was allowed for the loss of the use of the property for the period up to the time of the award although the Foreign Claims Settlement Commission had in other claims programs made allowance for the loss of the use of property by including interest in the amount of the awards even when the applicable statutes were silent on the point.

The failure to include an allowance for the loss of the use of the property in the awards to small business claimants under the 1962 law had particular significance for those persons who did not recover control of their properties at the end of World War II. Rather than being restored to the American owners at the end of the war, as was true with respect to most other American claimants, properties originally in eastern Germany or certain German-occupied territory in eastern Europe were immediately turned over to the control of the Soviet Union by treaties and agreements between the United States and the Soviet Union entered into during the Yalta and Potsdam conferences. It was not until more than 17 years after the close of the war that the claimants in these cases received compensation for their initial loss during the war, but in reality even then they were only partially compensated for their loss since they received no payment (interest or otherwise) for the use of their property from the end of the war until they received their awards. Thus, their situation was inferior to those who had their property restored to them at the end of the war and had it available for their use thereafter.

The committee has concluded that the statutory priority granted these small business claimants was not fully implemented because of the failure of the War Claims Settlement Commission to include an allowance for the loss of the use of their property from the end of the war in the form of interest running from that time until they received their awards.

Explanation of Committee Amendment.—The committee amendment would treat these small business claimants in a manner similar to the way they would have been treated had the Commission awarded them interest for the loss of the use of their properties until the time the awards were made. In general terms, the relief would take the form of a credit against income tax for the amount of this unpaid interest (computed at an annual rate of 6 percent) for the period from the end of hostilities in World War II, September 2, 1945, until the date the awards were rendered in favor of the taxpayer (1965, 1966, or 1967). The tax credit would be based on the original award reduced by the amount of any tax benefit derived by the taxpayer from claiming a loss with respect to the property (not previously deducted from the award). The tax credit would be reduced by any payments from the War Claims Fund which could be made to these small business claimants in the form of cash. This tax credit is to be claimed in 10 equal annual installments and (in order to treat the amount received as if it were interest which would be includable in taxable income) an amount is includable in income in each of these 10 years equal to the amount of the credit to be taken in that year.

The Foreign Claims Settlement Commission informs the committee that apparently 13 taxpayers would be eligible to receive the credit. The total of the awards paid to these 13 taxpayers is $1,596,421.62. Six percent per annum of this amount (reduced by any tax benefits received by these taxpayers on account of their losses and not previously deducted from the awards) multiplied by the number of years (or fraction thereof) from September 2, 1945, until the dates on which the awards were rendered would equal the total of the credits allowable to the 13 taxpayers. However, since amounts equal to the credits are also to be included in the taxpayers' incomes, the net loss of revenue to the Treasury would necessarily be smaller.

To qualify for the credit, the taxpayer must satisfy three tests. First, he must have had business properties in Europe confiscated by the enemy during World War II and lost again immediately after the war to Soviet control by treaties and agreements between the United States and the Soviet Union. Second, he must have received an award under the War Claims Act of 1948, as amended, for the loss of his property during the war. Third, he must previously have been certified by the Small Business Administration as a small business concern.

As has been indicated, generally the credit is to be taken ratably over a 10-year period beginning with the taxpayer's first taxable year ending on or after the date of enactment. If a taxpayer dies before the date of enactment of this bill, no credit will be allowed. However, if he dies during the 10-year period, the credit otherwise allowable to him in subsequent years would be available to him in his last taxable year. The tax credit provided by this amendment is not to exceed in any year the taxpayer's income tax reduced by the foreign tax credit, the retirement income credit, and the investment credit. Thus, the credit would not itself give rise to a refund from the Treasury. Nor would there be any carryforward or carryback to a taxable year of a credit that could not be used in another taxable year.

Since the credit is to approximate the benefit to these taxpayers of unpaid interest on the amount of their awards, and since such interest would have been taxable, the amendment provides that an amount equal to the credit allowed for each of the 10 taxable years must be added to the taxpayer's income for those years. Thus, the benefit the taxpayer would derive from the credit would depend on the rate at which he would pay income tax just as the benefit he would derive from the receipt of interest would depend on his tax bracket.

The tax credit provision described above is an alternative to payments of the amounts in cash. The amendment would direct the Secretary of the Treasury to pay to each of the persons entitled to the credit from the moneys in the War Claims Fund on the date of enactment an amount equal to the credit allowable to him. Any payment received by a taxpayer would reduce the amount of the credit allowable to him. In the likely event there would not be sufficient moneys in the Fund on the date of enactment to pay the full amount of the allowable credit to each eligible person (there is presently only about $378,000 in the War Claims Fund), payments would be made to each person proportionate to his share of the total credits allowable.

In the future, additional moneys arising from litigation in process may be covered into the Fund. In the event such moneys do become available within the 10-year period specified in the amendment, they too would be paid by the Secretary to each of the persons entitled to the credit provided under this amendment to the extent of the still outstanding 10-year installments. To the extent of any such payments, the remaining credits available would, of course, be reduced. In no event could the aggregate of payments made and credits allowed to any eligible person exceed the full credit allowable to him.

Payments under this amendment would be included in taxable income by the taxpayers receiving them in the taxable year in which they would be received. Therefore, as with the credit, the benefit of the payment to any taxpayer entitled to the payment, would depend on the rate at which he would pay income tax.

These payments would have the same priority over other payments from the Fund for loss of property as payment of the other portion of the awards to these small business claimants had a priority over the payment of other awards under the 1962 amendments to the War Claims Act of 1948.

To reimburse the Treasury for the loss of any revenue through the allowance of the credits, the amendment would provide that if there were any moneys on deposit in or in the future covered into the War Claims Fund after the payments to these taxpayers, these moneys would be transferred to the general fund of the Treasury until the amounts transferred would equal the total credits allowed. If money were to become available in the Fund equal to the total credits allowed to the taxpayers, the Treasury would not lose any revenues through the allowance of the credit. To the extent that the committee amendment would cause moneys in the War Claims Fund (which otherwise might not be paid out or which might be paid out in nontaxable payments) to be paid out to claimants who must include those payments in their taxable income, the Treasury could gain revenue.

IV. Distilled Spirits Tax—Time for Filing Drawback Claims

As a general rule, the Internal Revenue Code (sec. 6511) permits tax refund claims to be filed by 3 years after the due date of the tax return or, if later, within 2 years after the tax is paid. Claims for refund of taxes paid by the purchase of special stamps may be filed within 3 years after the taxes are paid. Various time limits apply to credits, refunds, or drawbacks of distilled spirits taxes. In many cases the usual 3-year rule applies. In substantially all the other cases the claim must be filed within 6 months after the event giving rise to the claim, or within 6 months after the taxable year or other period during which the critical event occurred.

However, claims for drawback of taxes on distilled spirits used in the production of certain nonbeverage products must be filed not later than 3 months after the calendar quarter during which the spirits are used (sec. 5134(b)). This drawback is provided as to distilled spirits used in manufacturing or producing medicines, medicinal preparations, food products, flavors, or flavoring extracts, which are unfit for beverage purposes (sec. 5131(a)). The 3-month period admits of no excuse for delay. The limitation is absolute. An inadvertence means that no drawback will be allowed. As a result, the Treasury is required to keep the taxes that under the law should have been paid over to the users of the distilled spirits.

The committee would amend section 5134(b) of the code to permit such drawback claims to be filed by 6 months after the calendar quarter within which the spirits are used. This extension of the very short 3-month limit to 6 months would not impede effective administration of the alcohol tax laws.

This section would make the relief available in the case of all claims filed after the beginning of the current Congress; namely, January 10, 1967.

V. Extension of Duty-Free Treatment of Certain Forms of Copper

The amendment would continue for 2 years (until June 30, 1970) the duty suspension on certain forms of copper,[1] unless the domestic price of copper fell to below 36 cents a pound. If the market price of copper dropped below 36 cents per pound, duties would be restored. The basic purpose of the duty suspension in 1966 was to relieve the tight demand situation brought about by increased defense and civilian requirements. It was part of a four-point program announced by the Secretary of Defense on November 17, 1965, which included:

(1) Disposal of 200,000 tons of copper from stockpile;

(2) Export controls on copper;

(3) Increasing margin requirements on commodity exchange purchases; and

---

[1] Unwrought copper (except nickel silver), copper waste and scrap, and copper articles imported to be used in remanufacture by smelting. The bill would also extend for the same period the existing suspension of duties applicable to the copper content of certain copper-bearing ores and materials.

(4) Suspension of import duties.

History of Suspensions.—Similar legislation has been enacted in the past when available supply failed to meet demand and pressure on prices existed. The periods covered by such previous suspensions in the duty were:

Apr. 30, 1947, to Mar. 31, 1949	H.R. 2404 (Public Law 80-42).
Apr. 1, 1949, to June 30, 1950	H.R. 2313 (Public Law 81-33).
Apr. 1, 1951, to Feb. 15, 1953	H.R. 3335 (Public Law 82-38).
Feb. 15, 1953, to June 30, 1954	H.R. 568 (Public Law 83-4).
June 30, 1954, to June 30, 1955	H.R. 7709 (Public Law 83-452).
June 30, 1955, to June 30, 1958	H.R. 5695 (Public Law 84-91).
Feb. 9, 1966, to June 30, 1968	H.R. 12676 (Public Law 89-468)

Applicable Tariff.—Without the duty suspension, the basic applicable tariff would be 1.5 cents per pound and, as a result of our Kennedy round tariff cuts, would be further reduced in annual stages to a level of 0.8 cent per pound on January 1, 1972, however, if the price should fall to less than 24 cents the tariff would be 1.8 cents per pound this year and this duty would be reduced to 1 cent per pound on January 1, 1972. The current tariff is about 3 percent of the current producers price (42 cents per pound).

Defense Requirements.—Defense needs account for about 13 percent of all copper usage.

Supply, Demand, Imports.—The United States has been a net importer of copper for almost 30 years. In 1966, of the total consumption of refined copper of 2.4 million tons, net imports (foreign origin copper less U.S. export) accounted for 10 percent. In 1967, this ratio increased to about 24 percent; in 1968, the Commerce Department expects it to rise to about 30 percent, but in 1969, it is expected to fall again to about 12 percent. Table I shows the copper supply and demand situation for 1965-67, and the estimates for 1968 and 1969.

U.S. imports of copper had been reasonably stable at around the $300 million level from 1959 through 1965. In 1966, this increased to $515 million, and further to $564 million in 1967. Including mill products the value of imports was $717 million in 1967. Our balance of trade in copper was negative by $410 million in 1967, and during the 8½ month strike (mid-July 1967-March 1968) it was in deficit by $533 million. (See table II.)

Chile, Canada, and Peru, in that order, are our largest suppliers, accounting for slightly over two-thirds of our total imports.

Prices.—U.S. copper prices have risen by almost 12 cents a pound since 1963, and 6 cents a pound since 1966. It was 31 cents a pound in 1963 and increased to 36 cents a pound in 1966 when the last duty suspension was enated. At the end of May 1968, the price had risen to 42 cents a pound. Table III gives the data. The price in the London market fluctuates considerably, but has been generally higher than the U.S. price during recent years.

Committee Position.—The committee felt that the tight supply situation in copper which exists mainly because of defense requirements and growing industrial demands justifies a continuation of duty-free treatment for copper for an additional temporary period. The Commerce Department recommended this legislation and advises that: "We know of no adverse effect from the present suspension on the overall interests of domestic copper producers, and none is anticipated if the suspension period is extended to June 30, 1970."

The committee amendment also increases the "peril point" price of 24 cents in the tariff schedule to 36 cents. Under this amendment, not only would the tariff suspension terminate when copper prices fall to below 36 cents per pound, but the higher rate schedule in present law would apply (1.8 cents per pound in 1968). Under this amendment, if foreign copper is imported in such quantities as to depress prices below the level which existed when Congress last suspended the copper tariff, domestic miners would be protected by the restoration of the tariffs.

TABLE I.—COPPER SUPPLY AND DEMAND, 1965-68

[Thousands of tons, copper content]

	1965	1966	1967	1968					1969[1]
				1st quarter	2d quarter[1]	3d quarter[1]	4th quarter[1]	Total[1]	
REFINED COPPER									
Supply:									
Production	2,142	2,184	1,526	139	430	531	585	1,685	2,375
From domestic ores	1,336	1,353	[3]850		250	313	350	1,000	1,500
From foreign ores	376	359	[3]285	[3]139	80	93	100	300	400
From scrap	430	472	391		100	125	135	385	475
Imports	137	161	329	226	184	35	35	480	140
Government stockpile[2]	95	434	176	6	6	6	6	24	25
Gross supply	2,374	2,779	2,031	371	620	572	626	2,189	2,540
Less exports	325	274	160	5	30	75	85	195	[5]275
Net supply	2,049	2,505	1,871	366	590	497	541	1,994	2,265
Consumption	2,035	2,382	1,947	314	526	500	575	1,915	2,250
Apparent inventory change	+14	+123	−76	+52	+64	−3	−34	+79	+15
SCRAP									
Supply:									
Gross supply (receipts)	1,055	1,057	967	285	277	277	268	1,017	1,160
Less exports	94	52	56	24	17	[4]27	[4]18	86	50
Net supply	961	1,005	911	261	260	250	250	1,021	1,110
Consumption	961	1,006	897	275	260	250	250	1,035	1,110
Apparent inventory change	0	−1	+14	−14	0	0	0	−14	0
ALL COPPER									
Gross supply	3,429	3,836	2,998	656	897	849	894	3,269	3,700
Less exports	419	326	216	29	47	102	103	281	325
Net supply	3,010	3,510	2,782	627	850	747	791	3,015	3,375
Consumption	2,996	3,388	2,844	589	786	750	825	2,950	3,360
Apparent inventory change	+14	+122	−62	+38	+64	−3	−34	+65	+15

[1] Estimated.
[2] Includes releases for the mint.
[3] 4th quarter 1967 and 1st quarter 1968 detail not available because of disclosure. Annual data estimated by BDSA.
[4] Assumes a 50 percent increase in scrap quotas.
[5] Assumes no change in refined copper quotas.

TABLE II.—COPPER BALANCE OF TRADE

[In millions of dollars]

	January to September 1966 (monthly rate)	1967				1968					Total during strike [1]
		1st half	3d quarter	4th quarter	Year	January	February	March	1st quarter	April	
IMPORTS											
Total	53.3	340.9	143.0	233.4	717.3	127.6	120.2	118.2	366.0	[2] 144.0	721.3
Refined copper	8.2	103.7	56.7	147.3	307.7	85.2	84.2	82.7	252.1	90.3	448.2
Ores, concentrates, and blister	26.7	147.7	56.2	41.4	245.3	19.9	8.7	10.5	39.1	29.5	128.6
Scrap	2.6	6.5	.6	3.4	10.5	1.7	2.1	2.5	6.3	1.9	10.1
Mill products	15.8	83.0	29.5	41.3	153.8	20.8	25.2	22.5	68.5	[2] 22.3	134.4
EXPORTS											
Total	35.4	182.1	58.5	66.3	306.9	15.3	27.6	33.9	76.8	[2] 35.9	188.6
Refined copper	26.2	125.1	25.6	8.3	159.0	2.5	1.2	2.6	6.3	6.1	31.6
Ores, concentrates, and blister	.1	.6	5.9	26.0	32.5	2.8	13.4	14.7	30.9	14.1	62.5
Scrap	4.1	21.9	12.7	19.6	54.2	5.4	8.8	12.1	26.3	11.2	56.9
Mill products	5.0	34.5	14.3	12.4	61.2	4.6	4.2	4.5	13.3	[2] 4.5	37.6
BALANCE OF TRADE											
Total	−17.9	−158.8	−84.5	−167.1	−410.4	−112.3	−92.6	−84.3	−289.2	−108.1	−532.7
Refined copper	+18.0	+21.4	−31.1	−139.0	−148.7	−82.7	−83.0	−80.1	−245.8	−84.2	−416.6
All others	−35.9	−180.2	−53.4	−28.1	−261.7	−29.6	−9.6	−4.2	−43.4	−23.9	−116.1

[1] Mid-July 1967 to March 1968.
[2] Estimated.

Note: 1966 rate: 8½ months, —152; net balance due to strike, 381.

Source: U.S. Bureau of the Census.

TABLE III.—U.S. COPPER PRICES, 1963-68

[Value in cents per pound]

	Primary refined copper				
	American Metal Market [1]	BLS [2] Index	E. & M.J. average [3]	Merchant copper [4]	Scrap [5]
1963	31.0	106.1	30.6	(6)	25.13
1964	32.4	110.6	32.0	44.75	30.53
1965	35.4	121.2	35.0	56.81	38.91
1966	36.0	123.2	36.2	67.60	50.09
January	36.0	123.2	36.1	68.10	47.81
February	36.0	123.2	36.0	75.42	52.53
March	36.0	123.2	36.1	81.98	57.53
April	36.0	123.2	36.2	82.18	59.13
May	36.0	123.2	36.0	73.43	53.90
June	36.0	123.2	35.9	75.05	57.07
July	36.0	123.2	36.0	70.91	55.63
August	36.0	123.2	36.0	55.37	41.22
September	36.0	123.2	36.1	53.50	41.90
October	36.0	123.2	36.3	59.15	46.36
November	36.0	123.2	37.0	59.89	46.26
December	36.0	123.2	36.2	56.19	41.70
1967	38.1	130.5	[7] 38.2	51.50	37.28
January	38.1	130.5	37.9	55.70	42.94
February	38.1	130.5	38.1	54.26	41.64
March	38.1	130.5	38.1	49.90	36.91
April	38.1	130.5	38.2	44.93	32.30
May	38.1	130.5	38.1	45.01	33.82
June	38.1	130.5	38.1	44.46	33.30
July	38.1	130.5	38.3	45.04	33.68
August	38.1	130.5	39.1	48.36	35.27
September	38.1	130.5	(8)	49.45	35.55
October	38.1	130.5	(8)	53.57	37.18
November	38.1	130.5	(8)	64.33	42.63
December	38.1	130.5	(8)	62.97	42.10
1968					
January	38.1	130.5	(8)	(6)	41.89
February	38.1	(6)	(8)	(6)	43.87
March	38.7	(6)	(8)	(6)	45.19
April	42.1	(6)	42.2	(6)	38.02
May	42.1	(6)	42.1	(6)	34.52

[1] American Metal Market, based on published price of major producers.
[2] Bureau of Labor Statistics, based on published price of major producers, 1957–59 = 100.
[3] E. & M.J. Metals Week, based on domestic sales price, includes foreign-origin copper.
[4] Philipp Bros., division of Minerals & Chemicals Philipp Corp.
[5] American Metal Market, refiners' buying price for No. 2 copper scrap.
[6] Not available.
[7] Based on 1st 8 months of 1967. Average suspended from September through December.
[8] Suspended.

VI. Duty-Free Treatment for Certain Cellulosic Materials Imported for Use in Artificial Kidney Machines

The committee amendment providing duty-free treatment for certain cellulosic materials imported for use in artificial kidney machines is aimed at reducing the cost of the use of such machines to the patient. At present the cellulosic sheets used in such machines are dutiable at 20 percent ad valorem. The Tariff Commission report on this amendment states that "the Commission is advised that the most efficient sheet for use in a kidney machine is currently available only from Germany; and that American producers are attempting to make a sheet which is comparable to the German product but as yet have been unable to produce one commercially." There is no objection to this amendment from interested executive branch agencies.

VII. 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

*   *   *   *   *   *   *

Item	Articles	Rates of duty 1	Rates of duty 2
	SCHEDULE 6.—METALS AND METAL PRODUCTS		
	PART 1.—METAL-BEARING ORES AND OTHER METAL-BEARING MATERIALS		
	Any of the foregoing ores bearing lead, etc. (con.):		
	All copper-bearing ores (con.):		
	Other:		
602.28	When, under the procedures set forth in headnote 5 of part 2C of this schedule, the market price of copper is considered to be below [24] *36* cents per pound	1.8¢ per lb. on copper content.	4¢ per lb. on copper content;
602.29	If products of Cuba	Free of duty on copper content(s).	
602.30	Other	1.5¢ per lb. on copper content.[1]	4¢ per lb; on copper content;
602.31	If products of Cuba	Free of duty on copper content (s)	
	Other metal-bearing materials of a type commonly used for the extraction of metal or as a basis for the manufacture of chemical compounds:		
603.05	Aluminum dross and skimmings	Free	Free
603.10	Antimony, needle or liquated	0.2¢ per lb.	0.25¢ per lb.
603.15	Ferrous scale	67¢ per ton	75¢ per ton
603.20	Flue dust or fume containing, by weight, over 55 percent of cadmium and not over 15 percent of any one or combination of the metals lead, zinc, or copper	Free	Free
603.25	Lead dross	1.0625¢ per lb. on lead content	2.125¢ per lb. on lead content
603.30	Zinc dross and zinc skimmings	0.75¢ per lb.	1.5¢ per lb.
	Other:		
603.40	Materials in chief value of molybdenum	18¢ per lb. on molybdenum content + 5% ad val.	50¢ per lb. on molybdenum content +15% ad val.
603.45	Materials in chief value of tungsten	37.5¢ per lb. on tungsten content +18% ad val.	60¢ per lb. on tungsten content +40% ad val.
	Materials, other than the foregoing, containing by weight, over 10 percent of any one of the metals copper, lead, or zinc, and to be initially treated at a copper, lead, or zinc plant:		
603.49	When, under the procedures set forth in headnote 5 of part 2C of this schedule, the market price of copper is considered to be below [24] *36* cents per pound	1.8¢ per lb. on copper content + 0.75¢ per lb. on lead content + 0.67¢ per lb. on zinc content.	4¢ per lb. on copper content + 1.5¢ per lb. on lead content + 1.67¢ per lb. on zinc content.
603.50	Other	1.5¢ per lb. on copper content + 0.75¢ per lb. on lead content + 0.67¢ per lb. on zinc content.[1]	4¢ per lb. on copper content + 1.5¢ per lb. on lead content + 1.67¢ per lb. on zinc content.

	Materials, other than the foregoing, containing, by weight, over 5 troy ounces of gold per short ton, or over 100 troy ounces of precious metals per short ton:		
603.54	When, under the procedures set forth in headnote 5 of part 2C of this schedule, the market price of copper is considered to be below [24] *36* cents per pound...	1.8¢ per lb. on copper content + 0.75¢ per lb. on lead content + 0.67¢ per lb. on zinc content.	4¢ per lb. on copper content + 1.5¢ per lb. on lead content + 1.67¢ per lb. on zinc content.
603.55	Other...	1.5¢ per lb. on copper content + 0.75¢ per lb. on lead content + 0.67¢ per lb. on zinc content.	4¢ per lb. on copper content + 1.5¢ per lb. on lead content + 1.67¢ per lb. on zinc content.

* * * * * * *

Item	Articles	Rates of duty	
		1	2

SCHEDULE 6.—METALS AND METAL PRODUCTS

PART 2.—METALS, THEIR ALLOYS, AND THEIR BASIC SHAPES AND FORMS

SUBPART C.—COPPER

Subpart C headnotes:

* * * * * * *

5. Determination of Market Price of Copper for Rate of Duty Purposes.

(a) In this subpart, column 1 of the Rates of Duty columns has been divided into two columns, viz. 1-a and 1-b. The rates of duty in column 1-a apply when the market price of copper is [24] *36* cents or more per pound, and the rates of duty in column 1-b apply when the market price of copper is under [24] *36* cents per pound.

(b) For the purposes of the provisions of items 602.28, 602.30, and 603.49 through 603.55 in part 1 of this schedule relating to copper-bearing materials, and of the provisions of this subpart, the market price of copper is the average market price per pound for one calendar month of electrolytic copper in standard shapes and sizes, delivered Connecticut Valley, as determined by the United States Tariff Commission and reported to the Secretary of the Treasury in accordance with procedures set forth below.

(c) The market price of copper, as defined above, shall be considered to be below [24] *36* cents per pound only on and after the 20th day after the date of a report by the United States Tariff Commission to the Secretary of the Treasury that it has determined that the said market price has been below [24] *36* cents per pound for one calendar month.

(d) After any report by the United States Tariff Commission to the Secretary of the Treasury as provided for in (b) above, the said market price shall be considered as not being below [24] *36* cents per pound only on and after the 20th day after the date of a report by the said Commission to the said Secretary that it has determined that the said market price has been [24] *36* cents or more per pound for one calendar month.

(e) Determinations by the said Commission of the market price of electrolytic copper shall be based upon sources commonly resorted to by the buyers of copper in the usual channels of commerce, including, but not limited to, quotations of the market price for electrolytic copper, in standard shapes and sizes, delivered Connecticut Valley, reported by the Engineering and Mining Journal's "Metal and Mineral Markets".

* * * * * * *

SCHEDULE 8.—SPECIAL CLASSIFICATION PROVISIONS

PART 4.—IMPORTATIONS OF RELIGIOUS, EDUCATIONAL, SCIENTIFIC, AND OTHER INSTITUTIONS

* * * * * * *

	Articles imported for the use of any nonprofit institution, whether public or private, established for educational, scientific, or therapeutic purposes.		
851.10	Apparatus utilizing any radioactive substance in medical diagnosis or therapeutic treatment, including the radioactive material itself when contained in the apparatus as an integral element thereof, and parts or accessories of any of the foregoing	Free	Free
851.20	*Cellulosic plastic materials imported for use in artificial kidney machines or apparatus*	*Free*	*Free*

* * * * * * *

APPENDIX TO THE TARIFF SCHEDULES

Part 1.—Temporary Legislation

Item	Articles	Rates of duty 1	Rates of duty 2	Effective period
	PART 1.—TEMPORARY LEGISLATION * * * * * SUBPART B.—TEMPORARY PROVISIONS AMENDING THE TARIFF SCHEDULES * * * *			
907.15	Aluminum oxide (alumina) (provided for in item 417.12, part 2C, schedule 4) when imported for use in producing aluminum.	Free	Free	On or before [7/15/68.] *7/15/70.*
907.30	Heptanoic acid (provided for in item 425.98, part 2D, schedule 4).	Free	Free	On or before 8/8/69.
907.80	Canaigre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia, all the foregoing provided for in items 470.23, 470.25, 470.55, 470.57, and 470.65, part 9A, schedule 4.	Free	Free	On or before 9/30/69.
909.25	Electrodes (provided for in item 517.61, part 1E, schedule 5) when imported for use in producing aluminum.	Free	Free	On or before 7/15/68.
909.30	Bauxite, calcined (provided for in item 521.17, part 1J, schedule 5).	Free	Free	On or before [7/15/68.] *7/15/70.*
911.05	Bauxite ore (provided for in item 601.06, part 1, schedule 6).	Free	Free	On or before [7/15/68.] *7/15/70.*
911.07	Manganese ore, including ferruginous manganese ore, and manganiferous iron ore, all the foregoing containing over 10 percent by weight of manganese (provided for in item 601.27, part 1, schedule 6).	Free	1¢ per lb. on manganese content.	On or before 6/30/70.

		Rates of Duty			Effective Period
		1-a	1-b	2	
	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:				
911.10	Copper waste and scrap	Free	No change	No change	On or before [6/30/68] *6/30/70*
911.11	Articles of copper	Free	No change	No change	On or before [6/30/68] *6/30/70*
911.12	Other	Free	Free	Free	On or before 6/30/69

		Rates of Duty		Effective Period
		1	2	
911.13	Copper bearing ores and materials (provided for in items 602.30 or 603.50, part 1, schedule 6).	Free of duty imposed on copper content under items 602.30 or 603.50.	No change	On or before [6/30/68] *6/30/70.*

		Rates of Duty			Effective Period
		1-a	1-b	2	
911.14	Cement copper and copper precipitates (provided for in item 612.02, part 2C, schedule 6).	Free	No change	No change	On or before [6/30/68] *6/30/70*
911.15	Black copper, blister copper, anode copper (provided for in item 612.03, part 2C, schedule 6).	Free	No change	No change	On or before [6/30/68] *6/30/70*
911.16	Other unwrought copper (provided for in item 612.06, part 2C, schedule 6).	Free	No change	No change	On or before [6/30/68] *6/30/70*

* * * * * * *

INTERNAL REVENUE CODE OF 1954

* * * * * * *

SEC. 5134. DRAWBACK.

(a) RATE OF DRAWBACK.—In the case of distilled spirits on which the tax has been paid or determined, and which have been used as provided in this subpart, a drawback shall be allowed on each proof gallon at a rate of $1 less than the rate at which the distilled spirits tax has been paid or determined.

(b) CLAIMS.—Such drawback shall be due and payable quarterly upon filing of a proper claim with the Secretary or his delegate; except that, where any person entitled to such drawback shall elect in writing to file monthly claims therefor, such drawback shall be due and payable monthly upon filing of a proper claim with the Secretary or his delegate. The Secretary or his delegate may require persons electing to file monthly drawback claims to file with him a bond or other security in such amount and with such conditions as he shall by regulations prescribe. Any such election may be revoked on filing of notice thereof with the Secretary or his delegate. No claim under this subpart shall be allowed unless filed with the Secretary or his delegate within the **[**3**]** *6* months next succeeding the quarter in which the distilled spirits covered by the claim were used as provided in this subpart.