

CONTINUATION OF TEMPORARY SUSPENSION OF DUTIES ON MANGANESE ORE AND RELATED PRODUCTS

JUNE 25 (legislative day, JUNE 18), 1976.—Ordered to be printed

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

REPORT

[To accompany H.R. 12033]

The Committee on Finance, to which was referred the bill (H.R. 12033) to continue until the close of June 30, 1979, the existing suspension of duties on manganese ore (including ferruginous ore) and related products, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. BACKGROUND

The existing suspension of duties on manganese ore and related products has been extended by various public laws since it was originally enacted by Public Law 88-338 on June 30, 1964. The most recent extension was enacted on August 16, 1973 by Public Law 93-99 for a three-year period from June 30, 1973 to June 30, 1976.

Only the column 1 rate of duty (applicable to imports from countries accorded nondiscriminatory (MFN) tariff treatment) is suspended. The column 2 rate is not changed. The column 1 rate of duty on manganese (including ferruginous manganese ore) and manganese iron ore under TSUS item 601.27 is 0.12¢ per pound on manganese content. Imports from eligible developing countries are subject to duty-free treatment under the Generalized System of Preferences (GSP).

Manganese ore is used primarily for metallurgical purposes in the production of steel. Much smaller amounts are used in the production of dry cell batteries and in the manufacture of manganese chemicals. The principal consumers of manganese ore are producers of ferro alloys, primarily ferromanganese and, to a lesser extent, silicomanganese. There are no satisfactory substitutes for manganese in

its principal use. Less than 1 percent of domestic consumption of manganese ore in recent years has been supplied by domestic production. In quantity terms imports were 577,509 short tons manganese content in 1974 and 765,592 short tons in 1975. In value terms imports increased from \$34.4 million in 1972 to \$43.3 million in 1974, and \$77.1 million in 1975. The principal sources of imports in recent years are Brazil, Gabon, South Africa, and Zaire. Approximately 45 percent of total imports are now subject to duty-free treatment under the GSP. Domestic shipments, which account for only about 5 percent of total new supply, totalled 34,804 short tons manganese content valued at about \$2.3 million in 1974. Demand for manganese in the U.S. is expected to increase at an annual rate of about 2 percent. Demand will continue to be supplied primarily by imports except as supplemented by shipments from government stockpile releases. There are no U.S. reserves of manganese ore.

The most recent extension of the temporary suspension passed both the House and Senate unanimously in 1975. No objections were received from the Executive branch agencies or from other sources. Continuation of the suspension was believed desirable in 1973 for domestic producers of ferromanganese and other manganese alloys by reducing the costs of basic raw materials to these processors and enhancing the competitive position of domestically produced alloys.

Two domestic producers of ferromanganese and other manganese products strongly favor the bill primarily on the grounds that restoration of the tariff on raw material imports would make the industry less price competitive with foreign producers of ferromanganese. The Department of Commerce supports the continuation of the present duty suspension. No objection to extension of the suspension has been made known to the Committee from any source.

II. EXPLANATION OF THE BILL

H.R. 12033 as reported amends the termination date for item number 911.07 of the Tariff Schedules of the United States (TSUS) to extend the existing temporary suspension of the column 1 rate of duty on manganese ore (including ferruginous ore) and manganiferous iron ore from June 30, 1976 to June 30, 1979.

Subsection (b) applies the amendment to articles entered or withdrawn from warehouse, for consumption after June 30, 1976.

III. COST OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the effect on the revenues of this bill. The existing suspension of the duty on manganese ore (including ferruginous) and related products results in an annual customs revenue loss of approximately \$1 million. The enactment of H.R. 12033 would result in no additional revenue loss.

IV. VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote of the Committee on reporting this bill. This bill was ordered favorably reported by the Committee by voice vote.

V. CHANGES IN EXISTING LAW MADE BY THE LAW

In compliance with paragraph 4 of rule XXIX of the 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

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APPENDIX TO THE TARIFF SCHEDULES

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Item	Articles	Rates of duty		Effective period
		1	2	
PART 1.—TEMPORARY LEGISLATION				
•	•	•	•	•
	Subpart B.—Temporary Provisions Amending the Tariff Schedules			
•	•	•	•	•
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 801.27, part 1, schedule 6).....	Free	1¢ per lb. on manganese content	On or before [6/30/76] 8/30/79.

