

TEMPORARY SUSPENSION OF DUTY ON CERTAIN  
ALUMINA AND BAUXITE

APRIL 5, 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. 9307]

The Committee on Finance, to whom was referred the bill (H.R. 9307) to continue for 2 years the suspension of duty on certain alumina and bauxite, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

PURPOSE

H.R. 9307, as passed by the House of Representatives, proposes to continue for 2 years, until July 16, 1962, the suspension of duty on (1) alumina when imported for use in producing aluminum; (2) bauxite, crude, not refined or otherwise advanced in condition in any manner; and (3) calcined bauxite. This bill was amended by the Committee on Finance to extend for 90 days, until July 16, 1960, the present suspension of import duty on crude chicory and the reduction in the duty on ground chicory.

GENERAL STATEMENT

Under the provisions of Public Law 725, 84th Congress, approved July 16, 1956, the duty on alumina, when imported for use in producing aluminum, was suspended for a 2-year period beginning July 17, 1956. The duty on crude bauxite and calcined bauxite was suspended by Public Law 499 of the 83d Congress, approved July 15, 1954, until July 16, 1956. Public Law 724, 84th Congress, approved July 16, 1956, further suspended the duties on both crude bauxite and calcined bauxite for a period of 2 years. Public Law 85-415, approved May 16, 1958, consolidated the provisions of Public Laws 724 and 725 of the 84th Congress and extended for 2 years the periods of suspension provided for therein. H.R. 9307 would continue for a further 2-year

period, until July 16, 1962, the existing suspension of duties on these articles.

Alumina is a product used for the production of aluminum, and the bulk of the alumina consumed in the United States is used for that purpose. Bauxite is a mineral used in the production of alumina (from which aluminum is produced), abrasives, chemicals, refractory products, and miscellaneous products, and is vital to the domestic industries such as the aluminum, steel, and chemical industries.

The production of aluminum involves two main operations: the production of alumina from the crude ore—almost entirely bauxite—and the production of aluminum metal from alumina. A large part of the domestic production of aluminum in recent years has been derived from imported aluminum-bearing material, and this will doubtless continue to be the case in future years. The aluminum-bearing material has so far been imported almost entirely in the form of bauxite.

Domestic requirements for crude bauxite have increased rapidly in recent years, since domestic use of primary aluminum has risen to record levels in recent years in response to needs of the defense program and the rapid rise in the level of demand for aluminum in both new as well as long-established uses in the building, construction, transportation, and electrical industries and in numerous other applications. The domestic primary aluminum industry has depended to an increasingly large extent on imported bauxite for its needs, and it is expected that most of the additional increase required in the total U.S. supply of bauxite for the further expansion in the aluminum program will come from foreign sources.

Jamaica has been the principal source of U.S. imports of crude bauxite in recent years. Surinam, British Guiana, and Haiti have supplied the bulk of the imports from other sources. Some of the leading domestic producers of primary aluminum have important holdings of bauxite in the countries concerned, and imports come principally from such holdings. On the other hand, the domestic reserves of good quality bauxite for producing aluminum, artificial abrasives, and refractories are quite small. Domestic reserves of certain clays and minerals which might be used as substitutes for bauxite in certain instances are also limited.

The foreign trade in alumina at the present time is limited principally to imports from Canada, Jamaica, and Japan.

No objection to the 2-year extension of the suspension of import duty on alumina and bauxite has been made known to the Committee on Finance.

#### COMMITTEE AMENDMENT

The amendment added to the bill does not change the circumstances relating to alumina or bauxite. It would provide for an extension of the present suspension of duties on crude chicory and the compensatory reduction in the duty on ground chicory until the close of July 16, 1960.

Public Law 85-378, approved April 16, 1958, provided for the suspension of duty on crude chicory (except endive) for a period of 2 years. This legislation also provided that the duty on chicory, ground, or otherwise prepared, be 2 cents per pound for the period during which the duty on crude chicory was suspended.

No chicory has been grown in the United States since 1954. Domestic processors of chicory have depended on imports of crude chicory for their supplies of the raw material. In addition, there are imports of ground chicory which compete with domestic processed chicory. Before the enactment of Public Law 85-378, the rate of duty applicable to crude chicory was 1 cent per pound and that applicable to ground or otherwise prepared chicory was 2½ cents per pound. A portion of the duty on ground chicory was generally regarded as compensatory for the duty on crude chicory and the remainder, as according protection to the domestic producer of ground chicory. With the suspension of the import duty on crude chicory, Public Law 85-378 also restored the spread between the duties on crude and ground chicory provided for in the Tariff Act of 1930, which was 2 cents per pound. The purpose of Public Law 85-378 was to assist domestic producers of ground chicory in competing with imports of the prepared product. The present amendment would continue until the close of July 16, 1960, the present tariff status of crude and ground chicory.

The bill H.R. 9308, proposing a 3-year extension of the suspension of duty on chicory, was passed over without prejudice and remains on the docket of the Finance Committee for future consideration. In the meantime, because of the proximity of the expiration date of the laws now affecting the tariff status of chicory (April 16, 1960), a temporary extension was granted by an amendment to H.R. 9307. Thus, the committee may give full consideration to the situation regarding chicory and take up H.R. 9308 at a later date without allowing the existing status to lapse.

#### DEPARTMENTAL REPORTS

The following reports on the suspension of duty on alumina and bauxite were received from the U.S. Tariff Commission, Departments of Commerce, State, and Treasury, and the Bureau of the Budget:

U.S. TARIFF COMMISSION,  
OFFICE OF THE CHAIRMAN,  
Washington, D.C., March 11, 1960.

HON. HARRY F. BYRD,  
Chairman, Committee on Finance,  
U.S. Senate.

DEAR MR. CHAIRMAN: This is in response to your request of March 4, 1960, for a report on H.R. 9307 of the 86th Congress, a bill to continue for 2 years the suspension of duty on certain alumina and bauxite which was passed by the House of Representatives on March 2, 1960.

The bill would amend section 2 of Public Law 85-415 approved May 16, 1958, so as to continue for 2 years suspension of duties provided for therein. Public Law 85-415 suspended until July 16, 1960, the import duties on—

(1) alumina, when imported for use in producing aluminum, under such regulations as the Secretary of the Treasury shall prescribe

(2) bauxite, crude, not refined or otherwise advanced in condition in any manner; and

(3) calcined bauxite.

The background and purpose of this legislation is fully set forth in your committee's report on H.R. 9917, 85th Congress (S. Rept. 1484, 85th Cong., 2d sess.).

The Commission believes that the considerations which led the Congress to suspend the duties in 1958 still exist. Attached are pertinent statistical tables.

Sincerely yours,

JOSEPH E. TALBOT, *Chairman.*

Enclosures.

TABLE 1.—Alumina (aluminum oxide): U.S. capacities of plants in operation and under construction, 1959

(In short tons per year)

Company and plant location	1959 (December)	Under construction	Total	Percent of total
Aluminum Co. of America:				
Mobile, Ala.....	985,500	-----	985,500	18.81
Bauxite, Ark.....	420,000	-----	420,000	8.01
Point Comfort, Tex.....	375,000	375,000	750,000	14.31
Total, Alcoa.....	1,780,500	375,000	2,155,500	41.13
Reynolds Metals Co.:				
Hurricane Creek, Ark.....	730,000	-----	730,000	13.93
La Quinta, Tex. (Sherwin).....	730,000	-----	730,000	13.93
Total, Reynolds.....	1,460,000	-----	1,460,000	27.86
Kaiser Aluminum & Chemical Corp.:				
Baton Rouge, La.....	850,000	-----	850,000	16.23
Gramercy, La.....	430,000	-----	430,000	8.21
Total, Kaiser.....	1,280,000	-----	1,280,000	24.43
Ormet Corp., Burnside, La.....	345,000	-----	345,000	6.58
Total, United States.....	4,865,500	375,000	5,240,500	100.00

Source: Compiled from unpublished statistics of the U.S. Bureau of Mines.

TABLE 2.—Alumina (aluminum oxide): U.S. production, and consumption by end-uses, 1955-59

(Short tons)

Year	Production	Consumption		
		Total	For manufacture of aluminum <sup>1</sup>	For other aluminum oxide products <sup>1</sup>
1955.....	3,197,883	3,178,545	2,992,782	185,763
1956.....	3,444,000	3,339,000	3,180,000	159,000
1957.....	3,442,000	3,318,000	3,144,000	172,000
1958.....	3,188,000	3,170,000	<sup>2</sup> 3,010,000	160,000
1959 <sup>4</sup> .....	4,000,000	3,987,000	3,748,000	239,000

<sup>1</sup> Calcined alumina (metal grade).

<sup>2</sup> Figures represent the alumina (Al<sub>2</sub>O<sub>3</sub>) equivalent of other forms of aluminum oxide products. These forms include aluminum trihydrate used in the manufacture of synthetic cryolite and aluminum fluoride which, in turn, are used principally in the manufacture of aluminum; tabular alumina, used principally in the manufacture of sparkplugs and refractories; and activated alumina, used by the chemical industry.

<sup>3</sup> Includes imports of calcined alumina, for producing aluminum, amounting to 82,000 short tons.

<sup>4</sup> Estimated, U.S. Tariff Commission.

NOTE.—No data are available on exports of alumina or aluminum oxide products. Total disappearance of domestic production cannot, therefore, be shown.

Source: Official statistics of the U.S. Bureau of Mines, except as noted.

TABLE 3.—Alumina and aluminum hydroxide or refined bauxite: <sup>1</sup> U.S. imports for consumption, by principal sources, 1955-59

Country	Quantity (1,000 pounds)				
	1955	1956	1957	1958 <sup>1</sup>	1959 <sup>2</sup>
Japan.....				73,572	254,945
Canada <sup>3</sup> .....	6,799	7,277	3,100	33,031	511
West Germany.....	82	17	75	358	3,590
Austria.....	143	450	358	378	452
France.....	20	36	21	36	1,733
United Kingdom.....	3	25	6	10	89
All other.....	11	5	6	6	11
Total.....	7,058	7,810	3,566	107,301	291,271
	Foreign value				
Japan.....				\$2,457,863	\$8,479,876
Canada <sup>3</sup> .....	\$282,684	\$319,797	\$135,464	1,140,739	47,898
West Germany.....	19,271	17,372	28,064	58,696	220,729
Austria.....	7,270	22,992	18,414	19,767	24,239
France.....	9,509	16,046	9,853	18,145	111,000
United Kingdom.....	1,535	18,141	3,164	5,947	5,994
All other.....	518	821	1,125	313	2,079
Total.....	320,787	395,169	196,084	3,701,470	8,891,757

<sup>1</sup> Alumina or aluminum oxide has been held by a decision of the U.S. Court of Customs and Patent Appeals to be properly classifiable as refined bauxite (T.D. 48769).

<sup>2</sup> Preliminary.

<sup>3</sup> There were no imports from Japan prior to September 1958.

<sup>4</sup> Includes Newfoundland and Labrador.

NOTE.—For importations of alumina for use in producing aluminum, see table 3a.

Source: Compiled from official statistics of the U.S. Department of Commerce.

TABLE 3A.—Alumina (aluminum oxide) duty free when imported for use in producing aluminum <sup>1</sup>: U.S. imports for consumption by countries, 1956-59

Country	Quantity (1,000 pounds)			
	July 17-Dec. 31, 1956	1957	1958 <sup>1</sup>	1959 <sup>2</sup>
Japan.....			73,572	254,945
Canada <sup>3</sup> .....		523	30,880	
Austria.....		70		50
France.....	2	6		
West Germany.....		1		2,220
Total.....	2	599	104,452	257,215
	Foreign value			
Japan.....			\$2,457,863	\$8,479,876
Canada <sup>3</sup> .....		\$23,488	1,047,800	
Austria.....		3,491		2,648
France.....	\$915	2,395		
West Germany.....		1,540		110,821
Total.....	915	30,914	2,805,663	8,593,345
	Unit value (cents per pound)			
Japan.....			3.3	3.3
Canada <sup>3</sup> .....		4.5	3.4	
Austria.....		5.0		5.3
France.....	45.8	43.0		
West Germany.....		154.0		5.0
Average.....	45.8	5.2	3.3	3.3

<sup>1</sup> Duty suspended during 2-year period beginning July 17, 1956 (Public Law 725, 84th Cong.); further suspended through July 15, 1960 (Public Law 416, 85th Cong.).

<sup>2</sup> Preliminary.

<sup>3</sup> Includes Newfoundland and Labrador.

Source: Compiled from official statistics of the U.S. Department of Commerce.

THE SECRETARY OF COMMERCE,  
Washington, March 23, 1960.

HON. HARRY F. BYRD,  
Chairman, Committee on Finance,  
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of March 4, 1960, for the views of the Department of Commerce with respect to H.R. 9307, a bill to continue for 2 years the suspension of duty on certain alumina and bauxite.

If this measure is enacted, it would continue for another period of 2 years (beginning July 16, 1960) the suspension of import duties (1) on crude bauxite, the raw material used chiefly in the production of alumina; (2) on alumina, the semiraw material used primarily in the manufacture of aluminum; and (3) on calcined bauxite, the raw material used chiefly in the making of refractories and artificial abrasives.

The Department of Commerce favors enactment of the bill under reference. Domestic reserves of good quality bauxite for producing aluminum, artificial abrasives, and refractories are quite limited. Domestic reserves of certain other minerals which provide limited substitution for bauxite also are limited. Although in recent years domestic production of bauxite has been maintained at a high level, the United States is relying more heavily upon foreign bauxite to fulfill the increasing demand for this raw material.

The continued suspension of the import duties on alumina and bauxite should result in greater use of foreign bauxite, thereby conserving the limited domestic reserves of this important mineral. Additionally, the suspension of the import duties should continue the lower cost of alumina and bauxite to the domestic consuming industries, e.g., abrasives, aluminum, chemical, and steel, and should continue the lower prices for the products manufactured therefrom.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of this report to your committee.

Sincerely yours,

PHILIP A. RAY,  
Under Secretary of Commerce.

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DEPARTMENT OF STATE,  
Washington, March 29, 1960.

HON. HARRY F. BYRD,  
Chairman, Committee on Finance,  
U.S. Senate.

DEAR MR. CHAIRMAN: Reference is made to your letter of March 4, 1960, to which an interim reply was made on March 9. The following report is submitted on H.R. 9307, to continue for 2 years the suspension of duties on certain alumina and bauxite.

The Department has considered this bill from the standpoint of foreign economic policy and has no objection to the enactment of the proposed legislation.

The Department has been informed by the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,  
For the Secretary of State:

WILLIAM B. MACOMBER, Jr.,  
*Assistant Secretary.*

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OFFICE OF THE SECRETARY OF THE TREASURY,  
*Washington, March 28, 1960.*

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,  
U.S. Senate, Washington, D.C.*

MY DEAR MR. CHAIRMAN: Reference is made to your letter of March 4, 1960, requesting the views of this Department on H.R. 9307, to continue for 2 years the suspension of duty on certain alumina and bauxite.

The proposed legislation would continue for 2 years the suspension of duty on (1) alumina when imported for use in producing aluminum; (2) bauxite, crude, not refined or otherwise advanced in condition in any manner; and (3) calcined bauxite. The present suspension of duty will expire July 15, 1960.

The Department anticipates no unusual administrative difficulties under the proposed legislation.

This Department was advised by the Bureau of the Budget that there was no objection to the submission of a similar report to the House Committee on Ways and Means on this bill.

Very truly yours,

A. GILMORE FLUES,  
*Acting Secretary of the Treasury.*

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EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
*Washington, D.C., March 16, 1960.*

HON. HARRY F. BYRD,  
*Chairman, Committee on Finance,  
U.S. Senate, Washington, D.C.*

MY DEAR MR. CHAIRMAN: This is in reply to your request of March 4, 1960, for a report on H.R. 9307, a bill to continue for 2 years the suspension of duty on certain alumina and bauxite.

The Bureau of the Budget has no objection to enactment of the bill.

Sincerely yours,

(S) PHILLIP S. HUGHES,  
*Assistant Director for Legislative Reference.*

No objection to the suspension of duty on imports of crude chicory and the reduction in duty on ground chicory was expressed in the departmental reports received from the Departments of Treasury, Commerce, and State, the Bureau of the Budget, and the U.S. Tariff Commission.

## 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):

ACT OF MAY 16, 1958 (PUBLIC LAW 85-415; 72 STAT. 119)

AN ACT To continue the temporary suspension of duty on certain alumina and bauxite

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no duty shall be imposed upon—*

(1) Alumina, when imported for use in producing aluminum, under such regulations as the Secretary of the Treasury shall prescribe.

(2) Bauxite, crude, not refined or otherwise advanced in condition in any manner.

(3) Calcined bauxite.

SEC. 2. This Act shall apply only with respect to articles entered, or withdrawn from warehouse, for consumption after July 15, 1958, and before July 16, [1960] 1962.

ACT OF APRIL 16, 1958 (72 STAT. 87; PUBLIC LAW 85-378)

AN ACT To suspend for two years the duty on crude chicory and to amend the Tariff Act of 1930 as it relates to chicory

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That effective with respect to articles entered, or withdrawn from warehouse, for consumption during [the two-year period beginning the day following the date of enactment of this Act,] the period beginning April 17, 1958, and expiring at the close of July 16, 1960, no duty shall be imposed upon crude chicory (except endive).*

SEC. 2. Paragraph 776 of the Tariff Act of 1930 is amended—

(1) by inserting "ground, or otherwise prepared, 4 cents per pound;" before "chicory, crude"; and

(2) by striking out "any of the foregoing, ground, or otherwise prepared, 4 cents per pound;" and inserting in lieu thereof "ground, or otherwise prepared, 2 cents per pound;"

SEC. 3. The amendments made by section 2 of this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption [after the date of the enactment of this Act and prior to the expiration of two years after such date] after April 16, 1958, and prior to the close of July 16, 1960.