

DUTY-FREE TREATMENT OF CALCINED BAUXITE,
BAUXITE ORE, AND ALUMINUM HYDROXIDE AND
OXIDE, AND FOR OTHER PURPOSES

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JULY 21, 1971.—Ordered to be printed
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Mr. LONG, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 4590]

The Committee on Finance, to which was referred the bill (H.R. 4590) to provide for the permanent duty-free treatment of calcined bauxite, bauxite ore, and aluminum hydroxide and oxide, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE OF HOUSE BILL

The purpose of H.R. 4590 is to provide for the permanent duty-free treatment of calcined bauxite, bauxite ore, and aluminum hydroxide and oxide. Currently the duties on calcined bauxite, bauxite ore, and on aluminum oxide when imported for use in producing aluminum are temporarily suspended.

SUMMARY OF COMMITTEE AMENDMENTS

The committee added two amendments to the House bill, both of which make duty free certain items for which there is no available domestic production. The first amendment would make TNT and blends of TNT and ammonium nitrate, called Amatol duty free. The second amendment would permit duty free importation of tinned sheets used in the manufacture of maple sap evaporators.

GENERAL STATEMENT

A. BAUXITE AND ALUMINA

The duty on crude bauxite and calcined bauxite was suspended by Public Law 83-499 until July 16, 1956. The duty on aluminum oxide (alumina), when imported for use in producing aluminum, was suspended for a 2-year period beginning July 17, 1956, by Public Law 84-725. Public Law 84-724 further suspended the duties on crude bauxite and calcined bauxite for an additional period of 2 years. Public Law 85-415 consolidated the provisions of Public Laws 724 and 725 of the 84th Congress and extended for 2 more years the periods of suspension provided therein. This duty treatment has been successively extended for additional 2-year periods by Public Law 86-441, Public Law 87-567, Public Law 88-362, Public Law 89-440 and Public Law 90-615. The present suspension of duty expires on July 15, 1971. This duty-free treatment is reflected in the Tariff Schedules of the United States in item 907.15, 909.30 and 911.05 and is presently effective with respect to imports entered on or before July 15, 1971. H.R. 4590, as amended, would make permanent the present suspension of duty on calcined bauxite and bauxite ore and would extend the existing suspension of duty on alumina when imported for use in producing aluminum by permanently suspending the duty on imports of alumina without regard to end use.

Alumina is a product used for the production of aluminum primarily, 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) as well as abrasives, chemicals, refractories, and miscellaneous products. Bauxite is considered to be vital to domestic industries such as the aluminum, steel, and chemical industries. Your committee is advised that known domestic commercial deposits of bauxite are small and that the U.S. production of bauxite now accounts for less than 15 percent of domestic requirements and, as demand increases, the United States will continue to be largely dependent upon foreign sources for aluminum raw materials.

The bill would restore the column 2 rate of 0.5 cents per pound with respect to all alumina and the identical rate of \$1 per ton with respect to calcined bauxite and bauxite ore. Such column 2 rates apply to products of a country designated by the President as being under Communist domination or control.

In view of the experience gained under suspensions since 1956, your committee is convinced that a permanent suspension of duty on alumina, calcined bauxite, and bauxite ore as provided by the bill, as amended, is warranted.

B. TRINITROTOLUENE (TNT) AND "AMATOL"

A committee amendment would provide duty-free treatment to TNT and blends of TNT and ammonium nitrate, generically called Amatol. Under present law, TNT is dutiable at a rate of 3.5 cents per pound and 22.5 percent ad valorem while Amatol is dutiable at 2.1 cents per pound and 13 percent ad valorem.

Amatol is used in the production of artificial diamonds and more importantly in explosion bonding where precision explosions are required. The last remaining domestic producer of TNT and Amatol is in the process of phasing out all domestic production by the end of 1971. TNT is an important material used by slurry explosive producers in mining operations. Without providing free importation domestic users of these materials will have to pay a substantial duty to import TNT and Amatol. Since there will be no domestic production of TNT or Amatol available after 1971, the import duties on these products serve no useful purpose. Consequently, the committee determined that the elimination of the duty on TNT and Amatol would be in the U.S. national interest. The committee notes that the use of TNT is carefully controlled by safety requirements enacted into law during recent Congresses. In providing for duty-free importation of TNT and Amatol, the committee does not intend to make these explosives available to unlicensed persons for unwarranted purposes within the United States. The committee's action will insure that legitimate domestic users of these explosives will not be adversely affected by an import duty which no longer serves a useful purpose.

C. TINNED SHEETS FOR USE IN MAPLE SAP EVAPORATORS

Under present law, imported tinned sheets used in the manufacture of maple sap evaporators are dutiable under a broad tariff classification at 0.8 cents per pound. This duty has placed the U.S. maple sap evaporator industry at a competitive disadvantage.

There are no U.S. producers of tin-coated sheets used in the manufacture of maple sap evaporators which will supply the domestic maple sap evaporator industry. Upon receiving a complaint from the evaporator industry, the committee inquired from the U.S. Tariff Commission whether there were domestic suppliers of such tin-coated sheets. Despite assurances from the Tariff Commission that such tin sheets might be available from domestic suppliers, evaporator producers subsequently determined that no potential supplier could supply the tin sheets in question. Therefore, the only source of supply for these tin sheets is through importation. Removal of the duty cannot injure a domestic industry which does not produce and supply the tin sheets in question.

The committee amendment was purposely drawn to apply only to tin sheets used exclusively in the manufacture of maple sap evaporators. This additional assurance should allay any fears that the committee action could inadvertently harm domestic suppliers of other types or grades of tin sheets.

Your committee has received no objections on this bill from any interested executive branch agencies.

EFFECT ON THE REVENUES OF THE BILL AND VOTE OF THE COMMITTEE IN REPORTING 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 committee estimates that the extension of the existing suspension of duties on bauxite and alumina, provided

by the bill will not result in any additional revenue loss, or administrative costs. The removal of tariffs on (1) tin sheets used in the manufacture of maple sap evaporators, and (2) TNT and Amatol should result in only a negligible revenue loss.

In compliance with section 133 of the Legislative Reorganization Act of 1946, as amended, the following statement is made relative to the vote by the committee on reporting the bill. This bill was ordered favorably reported by the committee, without objection.

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

SCHEDULE 4.—CHEMICALS AND RELATED PRODUCTS

Item	Articles	Rates of Duty	
		1	2
405. 04	Tribnitrolohuene <i>and amatol</i>	[3.5¢ per lb. + 22 5/8% ad val.]	7¢ per lb. + 45% ad val.
	PART 2.—CHEMICAL ELEMENTS, INORGANIC AND ORGANIC COMPOUNDS, AND MIXTURES		
	SUBPART C.—INORGANIC CHEMICAL COMPOUNDS		
417. 10	Aluminum compounds:		
417. 12	Ammonium sulfate (ammonia alum).....	0.18¢ per lb.	0.75¢ per lb.
	Hydroxide and oxide (alumina).....	[0.15¢ per lb.]	0.5¢ per lb.

SCHEDULE 5.—NONMETALLIC MINERALS AND PRODUCTS

Item	Articles	Rates of Duty	
		1	2
	PART 1.—NONMETALLIC MINERALS AND PRODUCTS, EX- CEPT CERAMIC PRODUCTS AND GLASS AND GLASS PRODUCTS		
	SUBPART J.—MISCELLANEOUS NONMETALLIC MINERALS AND PRODUCTS		
521. 11	Asphaltum, bitumen, and limestone-rock asphalt.....	Free.....	Free.
521. 17	Bauxite, calcined.....	[11¢ per ton]	\$1 per ton.
		Free	

SCHEDULE 6.—METALS AND METALS PRODUCTS

Item	Articles	Rates of Duty	
		1	2
	PART 1.—METAL-BEARING ORES AND OTHER METAL-BEARING MATERIALS		
	* * * *	*	*
	Metal-bearing ores and the dross or residuum from burnt pyrites:		
601.05	Antimony ore..... <i>antimony content</i>	Free.....	Free.
601.06	Bauxite.....	[10¢ per ton] Free.	\$1 per ton.
	* * * *	*	*
	PART 2.—METALS, THEIR ALLOYS, AND THEIR BASIC SHAPES AND FORMS		
	* * * *	*	*
	Plates and sheets of iron or steel, not cut, not pressed, and not stamped to nonrectangular shape (except as provided in item 609.17):		
	* * * *	*	*
[608.90] 608.89	Clad.....	14% ad val.	30% ad val.
	Coated or plated with metal:		
	Tin plate and tin coated sheets:		
	Valued not over 10 cents per pound.....	8% ad val.	1¢ per lb.]
608.91	Valued over 10 cents per pound.....	0.8¢ per lb.	1¢ per lb.]
608.92	Imported for use in the manufacture of maple sap evaporators.	Free	1¢ per lb.]
	Other:		
608.91	Valued not over 10 cents per pound.....	8% ad val.	1¢ per lb.
608.92	Valued over 10 cents per pound.....	0.8¢ per lb.	1¢ per lb.
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APPENDIX TO THE TARIFF SCHEDULES

Item	Articles	Rates of Duty		Effective Period
		1	2	
	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 July 15, 1971.]
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909.30	Bauxite, calcined (provided for in item 521.17, part IJ, schedule 5).....	Free.....	Free.....	On or before July 15, 1971.]
911.05	Bauxiteware (provided for in item 601.06, part 1, schedule 6).....	Free.....	Free.....	On or before July 15, 1971.]
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