

SUSPENDING THE EFFECTIVENESS DURING THE EXISTING  
NATIONAL EMERGENCY OF TARIFF DUTIES ON SCRAP IRON,  
SCRAP STEEL, AND NONFERROUS METAL SCRAP

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MARCH 5, 1942.—Ordered to be printed

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

REPORT

[To accompany H. R. 6531]

The Committee on Finance, to whom was referred the bill (H. R. 6531) to suspend the effectiveness during the existing national emergency of tariff duties on scrap iron, scrap steel, and nonferrous metal scrap having considered the same, report favorably thereon and recommend that the bill do pass.

The committee in considering the bill heard representatives of the War Production Board which agency favored adoption of the proposed legislation. Representatives of the War Department also appeared in favor of the bill.

For the further information of the Senate there is appended hereto and made a part of this report the general statement contained in the report of the Committee on Ways and Means of the House of Representatives, reading as follows:

The purpose of the legislation is to make it possible for the producers of the materials that the United States needs for its defense program to obtain scrap raw materials outside the United States and import the same without payment of duty.

As of September 1, 1941, our shipments of scrap steel to Great Britain were stopped, and at this time we not only have no scrap to ship abroad but we have a shortage this year in excess of 6,000,000 tons. This shortage prevails in spite of the fact that every effort is being made to locate and use domestic scrap. A war cannot be fought without steel and steel cannot be made without scrap. It has, therefore, become a necessity for the steel mills, in order to maintain their high flow of production, to go abroad, particularly into Latin American and South American countries, to obtain supplies of scrap.

Data has been furnished the committee which estimates, on the basis of a careful check of the availability of scrap iron and steel in the West Indies, Central America, and South America, that approximately 1,400,000 gross tons can be shipped to the United States, subject, of course, to availability of shipping space and approval of price on import by the Office of Price Administration.

In Cuba there are at present 11,487.55 gross tons of steel scrap immediately available for shipment from Habana, Guantanamo, Neuvas, and some other subports in the island. An additional 35,000 gross tons are available in Cuba on collection, and after the current sugar-grinding season there will be still more scrap available for export to the United States.

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In Haiti there are 1,285 gross tons immediately available, and an additional 3,800 gross tons, minimum, that can be collected, prepared, and shipped. In the Dominican Republic, with the demolition of railways, about 32,000 gross tons will be available immediately, and approximately 1,200 gross tons have been moved since January 1, 1942.

In Colombia, subject to local transportation conditions, we should be able to obtain around 12,000 gross tons.

At Aruba in the Dutch West Indies, there are available about 8,000 gross tons of scrap.

In Panama there are over 4,000 gross tons immediately available, and the construction work there is constantly making more scrap supplies available.

Nicaragua has about 14,000 gross tons available.

Information is that in Ecuador some 12,000 gross tons are available.

El Salvador has approximately 2,800 gross tons available for immediate shipment, while Honduras has about 1,000 gross tons of scrap.

Guatemala has approximately 3,000 gross tons immediately available and at least 6,000 gross tons additional which could be collected.

The largest scrap pile in the hemisphere is located in Argentina. That country could keep all the scrap necessary for her own operations and still export at least 1,000,000 tons to the United States.

In Puerto Rico there are available approximately 11,000 gross tons.

The British West Indies have a quantity of scrap which has been collected and which is officially estimated to be at least 20,000 gross tons.

The United States is becoming the largest importer of scrap in the world at this time due the national defense program. Last year we imported a little in excess of 40,000 gross tons. This year we will have imported 40,000 gross tons during January and February alone.

In a letter addressed to the chairman of this committee, the Honorable Donald M. Nelson, Chairman of the War Production Board, stated: "It is vital to the program of the War Production Board that every available ounce of scrap metal be salvaged for use in the manufacture of armaments. Every source which might yield additional metal must be exhausted."

It is well known that a similarly acute shortage exists on imported copper and other nonferrous scrap. For example, there is one lot of copper available in a South American country, which is of German origin and therefore carries an extremely high duty. If the duty were removed, it would then be possible for this copper to be imported at the ceiling prices set by the Office of Price Administration and thus provide a sufficient amount of copper to operate one small plant for an entire year. This copper cannot, with the present duties, be imported into the United States. In the case of copper, brass, and other nonferrous scrap, the import duties are so high as to prohibit the importation altogether.

Your committee believe that the enactment of this bill will materially aid in the furtherance of the defense program.

In compliance with clause 2a of rule XIII of the House of Representatives, the principal tariff provisions for scrap metals, together with present import duties thereon, are shown in the following tabulation:

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Scrap metals <sup>1</sup>	Tariff Act of 1930		Internal Revenue Code, sec. 3425, on copper content
	Paragraph	Rate	
Iron and steel.....	301	75 cents per ton.....	4 cents per pound. Do.
Aluminum.....	374	8 cents per pound.....	
Brass or Dutch metal.....	1634	Free.....	
Copper.....	1658	do.....	
Lead.....	392	2½ cents per pound on lead content.	
Metallic magnesium.....	375	40 cents per pound.....	
Platinum.....	1744	Free.....	
Tin.....	1786	do.....	
Zinc.....	394	1½ cents per pound.....	
Containing more than 50-percent tungsten, tungsten carbide, molybdenum, or molybdenum carbide.	316 (b)	50 percent ad valorem.	
Railway fishplates, or splice bars, and tie plates, made of iron or steel.	322	¼ cent per pound.....	
Rail braces, and all other railway bars made of iron or steel and railway bars made in part of steel, T rails, and punched iron or steel flat rails.	322	¼ cent per pound.....	

<sup>1</sup> Nickel scrap is not specified in the tariff act as such. Importations of various kinds of scrap metals containing nickel are classified under different tariff paragraphs, depending on the nature of each importation.

<sup>2</sup> Plus additional duty of \$1 per pound on vanadium content in excess of ¼ of 1 percent; 72 cents per pound on tungsten content in excess of ¼ of 1 percent; 65 cents per pound on molybdenum content in excess of ¼ of 1 percent; 3 cents per pound on chromium content in excess of ¼ of 1 percent.

