

TEMPORARY SUSPENSION OF DUTIES ON METAL SCRAP

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

REPORT

[To accompany H. R. 4493]

The Committee on Finance, to whom was referred the bill (H. R. 4493) to continue until the close of June 30, 1967, the existing suspension of duties for metal scrap, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H. R. 4493, as reported, is to continue for 2 years (from the close of June 30, 1965, to the close of June 30, 1967) (1) the existing suspension of duties on metal waste and scrap, etc., provided by item 911.12 of the Tariff Schedules of the United States; and (2) the existing reduction of duties on copper waste and scrap, etc., provided by items 911.10 and 911.11 of such schedules.

GENERAL STATEMENT

Legislation for the temporary suspension of the duties on various metal scrap was first enacted in 1942. (Public Law 497, 77th Cong., act of March 13, 1942, 56 Stat. 171.) With various changes the suspension was continued from time to time. One of the changes was to exclude from the suspension the import taxes on copper imposed under the Internal Revenue Code. Copper taxes provided for in section 4541 of the Internal Revenue Code of 1954 were assimilated in the new Tariff Schedules of the United States and section 4541 was repealed by the Tariff Classification Act of 1962. The temporary Suspension legislation, as amended and extended by Public Law 87-514, was reflected in the new Tariff Schedules of the United States, items 911.10, 911.11, and 911.12 thereof. The first two of these items preserves the application of that portion of the duty rates applicable

under the new tariff schedules that is derived from former section 4541 of the Internal Revenue Code.

The bill, as reported, would continue for 2 years (until July 1, 1967) the temporary suspension of the duties on certain metal waste and scrap, etc., provided by item 911.12 of the Tariff Schedules of the United States, principally such metal scrap as iron and steel, aluminum, magnesium, nickel, and nickel alloys. As before, the bill would not suspend the duties applicable to waste and scrap of lead, lead alloy, zinc, zinc alloy, tungsten, or tungsten alloy, nor would it suspend the duties applicable to articles of lead, lead alloy, zinc, zinc alloy, tungsten, or tungsten alloy.

The continuation (to the close of June 30, 1967) of the temporary reduction of the duties on copper waste and scrap and on articles of copper provided by items 911.10 and 911.11 of the Tariff Schedules of the United States merely extends for that period the suspension of that portion of such duties which is attributable to the import duties applicable to such articles before the Tariff Schedules of the United States became effective. As before, there is no suspension of the portion of the duty under the tariff schedules applicable to copper waste and scrap, and to articles of copper, which is derived from the import tax applicable to such articles under former section 4541 of the Internal Revenue Code of 1954.

ARTICLES TO WHICH BILL APPLIES

Items 911.10, 911.11, and 911.12 of the Tariff Schedules of the United States apply to—

- (1) Metal waste and scrap (provided for in pt. 2 of schedule 6 of the schedules), except lead, zinc, and tungsten waste and scrap;
- (2) 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;
- (3) Relaying or rerolling rails; and
- (4) Articles of metal to be used in remanufacture by melting (except articles of lead, zinc, or tungsten, and not including metal-bearing materials provided for in schedule 4 or in pt. 1 of schedule 6 of the schedules, and not including unwrought metal provided for in pt. 2 of schedule 6 of the schedules.)

BACKGROUND INFORMATION

Scrap of the various nonferrous metals, whether imported or of domestic origin, may be considered for most purposes simply as relatively small components in the total U.S. supplies of the respective metals, although some manufacturers depend wholly on metal scrap as a source of raw material. The relation of iron and steel scrap to the total supplies of iron and steel is somewhat different from that existing with respect to nonferrous metals. This is because the economical production of steel by the open hearth process requires that part of the iron-bearing materials used consist of heavy melting scrap. Thus, much iron and steel scrap constitutes a material important to the domestic production of steel. Despite the fact

that imports of scrap metals have not in the past few years constituted important components of the total supplies of the various metals, the imports in some cases have represented important sources of the metals for limited numbers of consumers of such metals in some sections of the country.

The rates of duty on the principal types of ferrous and nonferrous metal scrap, the suspension of which would be continued by the bill, are shown in the following table:

Type of scrap	Item No.	Rate of duty
Iron and steel	607.11 or 607.12	37½ cents per long ton plus additional duties on alloy content;
Aluminum	618.10	1½ cents per pound.
Nickel and nickel alloy	620.02	1½ cents per pound.
Tin and tinplate	607.10 or 622.10	Free.
Magnesium	628.55	40 percent ad valorem.

Relaying and rerolling rails would, in the absence of this legislation, be dutiable to the rate of one-twentieth of 1 cent per pound plus additional duties on alloy content under items 610.20 to 610.21 of the Tariff Schedules of the United States. Other metal articles not considered scrap within the meaning of the tariff classifications but imported to be used in remanufacture by melting are also exempt from duty under items 911.10 to 911.12 of these schedules. Such articles would be dutiable, in the absence of special legislation, at various rates too numerous to mention in this report.

