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APPROVED
AUG 9 - 1975

ACTION

THE WHITE HOUSE

Last Day: August 14

WASHINGTON

August 8, 1975

P JOL (val, Col.)
8/11
J. McWhite
8/12

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

H.R. 7716 - Temporary Duty Suspensions
on Certain Forms of Zinc, Copper and
Other Metals

Attached for your consideration is H.R. 7716, sponsored by Representatives Green and Schneebeli which temporarily suspends the duty on certain forms of zinc until June 30, 1978 and extends to the same date the duty suspensions on certain forms of copper and other metals, which expired on June 30, 1975.

H.R. 7716 contains essentially identical provisions to suspend the duty on certain forms of zinc as H.R. 6191, which you disapproved on November 26, 1974. In your veto message you stated if the Congress were to reenact the legislation without the undesirable tax riders, you would be glad to approve it.

Additional background is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus), Bill Seidman, NSC and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 7716 at Tab B.



APPROVED
AUG 9 - 1975

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 8 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 7716 - Temporary duty suspensions on certain forms of zinc, copper, and other metals
Sponsor - Rep. Green (D) Pennsylvania and
Rep. Schneebeli (R) Pennsylvania

Last Day for Action

August 14, 1975 - Thursday

Purpose

Temporarily suspends the duty on certain forms of zinc until June 30, 1978, and extends, to the same date, the duty suspensions on certain forms of copper and other metals, which expired on June 30, 1975.

Agency Recommendations

Office of Management and Budget	Approval
Department of State	Approval
Department of the Interior	Approval
Department of the Treasury	Approval
Office of the Special Representative for Trade Negotiations	No objection
Council on International Economic Policy	No objection
Department of Commerce	No objection
Department of Labor	No objection

Discussion

In recent years, domestic production of zinc metal has dropped sharply -- from 1.1 million tons in 1969 to .7 million tons in 1973 -- even though U.S. consumption has been increasing, reaching 1.5 million tons in 1973. The closing of several domestic smelters, due in large part to high production costs and technological obsolescence, has been the major factor in this decline. Furthermore, as zinc metal production has decreased, imports of zinc metal relative to zinc ores have increased markedly. Prior to 1972, zinc ores and concentrates constituted about 65 percent of all imported zinc, and 35 percent of such imports were in the form of slab zinc metal. By 1974, however, the situation had reversed itself, with 69 percent of zinc imports consisting of slab metal and only 31 percent of ores and concentrates.

To assist the domestic smelting industry, the enrolled bill would suspend, until June 30, 1978, the present duties on imports of certain zinc ores and concentrates. This temporary duty-free treatment, which would be extended only to imports from countries with most-favored-nation status, would put domestic smelters on a similar economic footing with smelters in other major zinc metal producing countries which already import these ores and concentrates free of duty.

In its favorable report on H.R. 7716, the House Ways and Means Committee stated:

"...The domestic zinc industry, which seeks the legislation, claims that the United States tariff places domestic smelters at a disadvantage in competing for limited supplies of zinc ores and concentrates and in competing with foreign zinc metal. The duty on ores imposes, in effect, a penalty on the smelting segment of the industry by increasing the cost of raw materials. At the same time the duty does not provide protection for the mining

segment since the relative scarcity of foreign concentrates precludes excessive imports in the foreseeable future that could replace domestic mine production. The industry believes that equalization of tariff treatment would also encourage present and future development of new domestic production capacity and help to revert to the pre-1972 relationship between [imports of] ore and metal."

It should be noted that H.R. 6191, 93rd Congress, which you disapproved on November 26, 1974, because of several unacceptable tax riders attached to that bill, contained essentially identical provisions to suspend the duty on certain forms of zinc as are included in the enrolled bill (under H.R. 6191, however, the duty suspension would have expired on June 30, 1977, instead of June 30, 1978). In your veto message on H.R. 6191 you stated that if the Congress were to reenact the legislation without the undesirable tax riders, you would be glad to approve it.

The enrolled bill also contains a rider to extend, until June 30, 1978, duty suspensions which lapsed on June 30, 1975, applicable to certain articles of copper, copper waste and scrap, and waste and scrap of other metals, principally iron and steel, aluminum, magnesium, nickel and nickel alloys. The duty-free treatment for copper items would continue to apply to imports only from countries enjoying most-favored-nation status, and the suspension for imports of other metal waste and scrap would continue to apply to articles entered from countries both with and without such status.

Legislation to suspend the duty on certain copper articles and copper waste and scrap was first enacted in 1966 at a time when the worldwide supply of copper was tight and domestic demand far exceeded domestic supply. In 1972, the world copper situation had eased, due to increased production and a drop in demand, and the duty suspension was not extended when it expired on June 30, 1972. By 1973, however, the copper situation had reverted to pre-1972 conditions. The duty suspension was reinstated for one year, effective July 1, 1973, and subsequently extended to June 30, 1975.

We have been advised informally by the Commerce Department that current supply conditions warrant a renewal of the duty suspension as provided in the enrolled bill.

The duty on other metal waste and scrap was first suspended in 1942. Since then, duty-free treatment has been continued from time to time, with various changes, depending upon the scarcity of particular metals.

The enrolled bill would be effective upon the date of enactment. With regard to the duty suspensions on certain articles of copper, copper waste and scrap, and waste and scrap of other metals, however, the bill contains the customary provisions for recovery of duties paid on any such articles entered after June 30, 1975, and before the date of enactment upon application to the appropriate customs officer within 120 days of the date of enactment.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

MEMORANDUM

August 5, 1975

TO: James M. Frey
Assistant Director for
Legislative Reference
OMB

FROM: John D. Greenwald JDG (EMS)
Assistant General Counsel
STR

SUBJECT: H.R. 7716

Reference is made to your legislative referral of August 4, 1975 requesting the views of this Office on the enrolled bill, H.R. 7716, "To amend the TSUS to suspend the duty on certain forms of zinc until the close of June 30, 1978, and for other purposes."

We have no objections to the above-mentioned bill.

MEMORANDUM

COUNCIL ON INTERNATIONAL ECONOMIC POLICY

August 5, 1975

FOR: James M. Frey
Assistant Director for
Legislative Reference
O M B

FROM: John Bennison
Professional Staff Member

SUBJECT: Enrolled Bills HR 7716 and HR 7710

This is in response to your Enrolled Bill request of August 4.

CIEP has no objections to HR 7716 and HR 7710.



DEPARTMENT OF STATE

Washington, D.C. 20520

AUG 5 - 1975

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

The Secretary has asked me to reply to your communication (Office of Management and Budget Memorandum, dated August 4, signed by Mr. Frey) requesting our views on H.R. 7716, an enrolled bill providing temporary duty-free entry for zinc ores, concentrates and zinc bearing materials and copper waste and scrap.

The Department of State recommends approval of the enrolled bill. The provisions applying to zinc would, in effect, relieve our zinc smelting industry of a cost burden and should assist it in purchasing ores, concentrates and other zinc bearing materials on the world market, thus helping to put the industry on a firmer competitive footing in supplying zinc metal to domestic consumers.

The provisions relating to copper waste and scrap would extend the temporary duty-free treatment for such materials which lapsed June 30, 1975. We are informed that the conditions which led to the suspension of the duties on copper waste and scrap continue to prevail.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. McCloskey".

Robert J. McCloskey
Assistant Secretary for
Congressional Relations



**GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

AUG 6 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning H.R. 7716, an enrolled enactment

"To amend the Tariff Schedules of the United States to suspend the duty on certain forms of zinc until the close of June 30, 1978, and for other purposes."

H.R. 7716 would amend the Appendix to the Tariff Schedules of the United States so as to suspend the duty on certain forms of zinc until the close of June 30, 1978, and continue the duty suspension on copper waste and scrap, on articles of copper, and on other metal waste and scrap, except tungsten and lead, until the close of June 30, 1978.

This Department would have no objection to approval by the President of H.R. 7716.

Enactment of this legislation will not involve the expenditure of any funds by this Department.

Sincerely,

Karl E. Babke

General Counsel





United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

AUG 7 - 1975

Dear Mr. Lynn:

Your Office has requested the views of this Department on the enrolled bill H.R. 7716, "To amend the Tariff Schedules of the United States to suspend the duty on certain forms of zinc until the close of June 30, 1978, and for other purposes."

We recommend that the bill be approved by the President.

H.R. 7716 would suspend the import duty on zinc-bearing ores and other specified zinc-bearing materials until June 30, 1978.

Demand for zinc increased substantially in the late 1950's and early 1960's encouraging exploration and development of mines and expansion of smelting facilities. Zinc smelting capacity in the United States grew from 1.15 million tons in 1960 to a high of over 1.3 million tons in 1968. The increase in demand was worldwide and many other countries built new smelters, electrolytic plants, and Imperial Smelting furnaces, and expanded existing plants. As a result, world zinc smelting capacity increased so that it was far in excess of world mine capacity. Much of the new smelting capacity throughout the world was dependent upon imported ores and concentrates for most of its raw material supply. As a result, strong competition developed for imported concentrates.

The decreased U.S. consumption of zinc during 1970 and 1971, the increasing cost of concentrates, labor and materials, and the weakening price of zinc, constituted a cost-price squeeze that forced four zinc smelters to close in 1971. By the end of 1974, another two smelters closed, bringing annual capacity down to 779,000 tons of zinc metal. In May 1975, the last horizontal retort smelter will close because it cannot meet State air pollution regulations, reducing U.S. capacity further to 726,000 tons per year.

In 1974, consumption of slab zinc in the United States was 1.4 million tons. Imports of zinc in ore and concentrate have declined in the past several years from 526,000 tons in 1970 to 230,000 tons in 1974, while metal imports in the same period increased from 270,000 tons to 510,000 tons. If zinc had not been released from the Government stockpile in



Save Energy and You Serve America!

1974, imports of metal probably would have been higher by 280,000 tons. Any U.S. demand for zinc requiring metal imports that could be met by zinc smelted domestically from U.S. mine production or foreign ore results in a loss of jobs and increases the Nation's balance of payments deficit.

The Mining and Minerals Policy Act of 1970 declares it to be the policy of the Federal Government "to foster and encourage private enterprise in (1) the development of economically sound and stable domestic mining, minerals, metal, and mineral reclamation industries," This Act directs the Secretary of the Interior to make recommendations to the Congress for legislation necessary to carry out its intent.

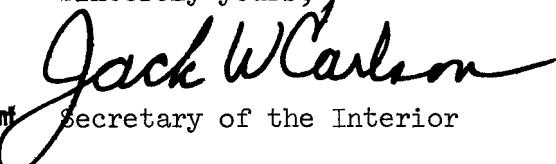
Development of an economically sound and stable metal industry is threatened because the competitive position of the U.S. smelting industry for foreign concentrates is seriously weakened by the present tariff on zinc in imported concentrates, especially in view of the fact that concentrates are imported duty free into all other consuming countries. The United States and other countries do impose a duty on zinc metal.

The relative scarcity of foreign concentrates precludes any excess imports in the foreseeable future that could replace domestic mine production. In fact one company recently announced that it may delay groundbreaking on a new smelter because of a concentrate shortage.

Accordingly, the 0.67-cent-per-pound tariff on zinc in imported ores and concentrates, in effect, provides no protection for the mining segment of the zinc industry but does impose a penalty on the smelting segment by increasing the cost of raw material for a basic industry. Suspension of this duty on ores and concentrates will be most helpful to present operating plants and a positive step that can be taken by the Government to encourage construction of new plants to produce zinc.

H.R. 7716 has been amended by the committee to continue until June 30, 1978, the suspension of duties on copper waste and scrap articles of copper and other metal waste and scrap. Existing duty suspensions on these items expired on June 30, 1975. The amendment would permit liquidation or reliquidation on a duty-free basis of entries or withdrawals after June 30 and prior to date of enactment. We concur in this amendment.

Sincerely yours,


Jack W. Carlson
Assistant Secretary of the Interior

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

AUG 7 1975

Honorable James T. Lynn
Director, Office of Management
and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Lynn:

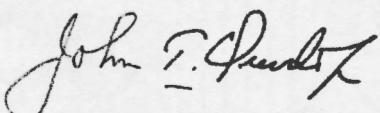
This is in response to the request of your office for our views on the enrolled enactment of H.R. 7716, "To amend the Tariff Schedules of the United States to suspend the duty on certain forms of zinc until the close of June 30, 1978, and for other purposes." This Department would have no objection to the President's approval of this measure.

The enrolled enactment would insert new item numbers 911.00, 911.01, 911.02, and 911.03 into the Appendix to the Tariff Schedules of the United States to suspend the column 1 rates of duty on certain forms of zinc for a temporary period until June 30, 1978.

Section 2 would amend items 911.10 (copper waste and scrap), 911.11 (articles of copper), and 911.12 (other metal scrap) to continue the date of duty suspension for each item until June 30, 1978.

Section 3 provides that the duty suspensions provided for in the enrolled enactment would apply to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment of the Act. Section 3 would also make the duty suspensions provided for in section 2 retroactive to June 30, 1975, upon request filed with the customs officer concerned.

Sincerely,



Secretary of Labor

RECEIVED

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: AUGUST 8N

Time: 500pm

FOR ACTION: *Hulka ok*
Bob Hutton - Temporary
Dick Parsons *Mayok*
NSC/S *ok*
Max Friedersdorf *ok*
Bill Seidman *ok*
Ken Laramore ok

FROM THE STAFF SECRETARY

cc (for information): Jim Cavanaugh
Jack Marsh

DUE: Date: August 9

Time: 1100am

SUBJECT:

H.R. 7716 - Temporary duty suspensions on certain
forms of zinc, copper, other metals.

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: AUGUST 8N

Time: 500PM

FOR ACTION: Tod Hullin-
Dick Parsons ~~✓~~
NSC/S
Max Friedersdorf
Bill Seidman

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 9

Time: 1100am

SUBJECT:

H.R. 7716 - Temporary duty suspensions on certain
forms of zinc, copper, other metals.

ACTION REQUESTED:

- For Necessary Action For Your Recommendations
 Prepare Agenda and Brief Draft Reply
 For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Gave Judy oral
approval 8 Aug 75

JLH

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

James E. Devereux
For the President

THE WHITE HOUSE

WASHINGTON

LOG NO.:

ACTION MEMORANDUM

Date: AUGUST 8n

Time: 500pm

FOR ACTION: *H. R. H. - Temporar*
Dick Parsons Mayo
NSC/S
Max Friedersdorf
Bill Seidman
Ken Lazarus

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 9

Time: 1100am

SUBJECT:

H.R. 7716 - Temporary duty suspensions on certain forms of zinc, copper, other metals.

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

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K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: AUGUST 8n

Time: 500pm

FOR ACTION: Tod Hullin-
Dick Parsons
NSC/S
Max Friedersdorf
Bill Seidman

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: August 9

Time: 1100am

SUBJECT:

H.R. 7716 - Temporary duty suspensions on certain
forms of zinc, copper, other metals.

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*No objection
jws*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.

*James R. Cavanaugh
for the President*

To
J. Cawley
8-8-75
3:30 P.M.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

AUG 8 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 7716 - Temporary duty suspensions on certain forms of zinc, copper, and other metals
Sponsor - Rep. Green (D) Pennsylvania and Rep. Schneebeli (R) Pennsylvania

Last Day for Action

August 14, 1975 - Thursday

Purpose

Temporarily suspends the duty on certain forms of zinc until June 30, 1978, and extends, to the same date, the duty suspensions on certain forms of copper and other metals, which expired on June 30, 1975.

Agency Recommendations

Office of Management and Budget	Approval
Department of State	Approval
Department of the Interior	Approval
Department of the Treasury	Approval
Office of the Special Representative for Trade Negotiations	No objection
Council on International Economic Policy	No objection
Department of Commerce	No objection
Department of Labor	No objection

Discussion

In recent years, domestic production of zinc metal has dropped sharply -- from 1.1 million tons in 1969 to .7 million tons in 1973 -- even though U.S. consumption has been increasing, reaching 1.5 million tons in 1973. The closing of several domestic smelters, due in large part to high production costs and technological obsolescence, has been the major factor in this decline. Furthermore, as zinc metal production has decreased, imports of zinc metal relative to zinc ores have increased markedly. Prior to 1972, zinc ores and concentrates constituted about 65 percent of all imported zinc, and 35 percent of such imports were in the form of slab zinc metal. By 1974, however, the situation had reversed itself, with 69 percent of zinc imports consisting of slab metal and only 31 percent of ores and concentrates.

To assist the domestic smelting industry, the enrolled bill would suspend, until June 30, 1978, the present duties on imports of certain zinc ores and concentrates. This temporary duty-free treatment, which would be extended only to imports from countries with most-favored-nation status, would put domestic smelters on a similar economic footing with smelters in other major zinc metal producing countries which already import these ores and concentrates free of duty.

In its favorable report on H.R. 7716, the House Ways and Means Committee stated:

"...The domestic zinc industry, which seeks the legislation, claims that the United States tariff places domestic smelters at a disadvantage in competing for limited supplies of zinc ores and concentrates and in competing with foreign zinc metal. The duty on ores imposes, in effect, a penalty on the smelting segment of the industry by increasing the cost of raw materials. At the same time the duty does not provide protection for the mining

segment since the relative scarcity of foreign concentrates precludes excessive imports in the foreseeable future that could replace domestic mine production. The industry believes that equalization of tariff treatment would also encourage present and future development of new domestic production capacity and help to revert to the pre-1972 relationship between [imports of] ore and metal."

It should be noted that H.R. 6191, 93rd Congress, which you disapproved on November 26, 1974, because of several unacceptable tax riders attached to that bill, contained essentially identical provisions to suspend the duty on certain forms of zinc as are included in the enrolled bill (under H.R. 6191, however, the duty suspension would have expired on June 30, 1977, instead of June 30, 1978). In your veto message on H.R. 6191 you stated that if the Congress were to reenact the legislation without the undesirable tax riders, you would be glad to approve it.

The enrolled bill also contains a rider to extend, until June 30, 1978, duty suspensions which lapsed on June 30, 1975, applicable to certain articles of copper, copper waste and scrap, and waste and scrap of other metals, principally iron and steel, aluminum, magnesium, nickel and nickel alloys. The duty-free treatment for copper items would continue to apply to imports only from countries enjoying most-favored-nation status, and the suspension for imports of other metal waste and scrap would continue to apply to articles entered from countries both with and without such status.

Legislation to suspend the duty on certain copper articles and copper waste and scrap was first enacted in 1966 at a time when the worldwide supply of copper was tight and domestic demand far exceeded domestic supply. In 1972, the world copper situation had eased, due to increased production and a drop in demand, and the duty suspension was not extended when it expired on June 30, 1972. By 1973, however, the copper situation had reverted to pre-1972 conditions. The duty suspension was reinstated for one year, effective July 1, 1973, and subsequently extended to June 30, 1975.

We have been advised informally by the Commerce Department that current supply conditions warrant a renewal of the duty suspension as provided in the enrolled bill.

The duty on other metal waste and scrap was first suspended in 1942. Since then, duty-free treatment has been continued from time to time, with various changes, depending upon the scarcity of particular metals.

The enrolled bill would be effective upon the date of enactment. With regard to the duty suspensions on certain articles of copper, copper waste and scrap, and waste and scrap of other metals, however, the bill contains the customary provisions for recovery of duties paid on any such articles entered after June 30, 1975, and before the date of enactment upon application to the appropriate customs officer within 120 days of the date of enactment.

(Signed) James M. Frey

Assistant Director for
Legislative Reference

Enclosures



THE GENERAL COUNSEL OF THE TREASURY

WASHINGTON, D.C. 20220

Director, Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

AUG 8 1975

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 7716, "To amend the Tariff Schedules of the United States to suspend the duty on certain forms of zinc until the close of June 30, 1978, and for other purposes."

The first section of the enrolled bill would amend the Appendix to the Tariff Schedules of the United States (TSUS) by adding four new items which would provide for the free entry, until June 30, 1978, of certain forms of zinc, under column 1 rates of duty. These forms of zinc are presently dutiable under items 602.20, 603.30, 603.49, 603.50, 603.54, 603.55, and 626.10, TSUS. These items currently provide for a column 1 rate of duty of 0.67 cent per pound on the zinc content of various materials and ores, except for item 603.30, which provides for a column 1 rate of duty of 0.75 cent per pound on zinc dross and skimmings, and item 626.10, which provides for a column 1 rate of duty of 0.75 cent per pound on zinc waste and scrap. There would be no change in the column 2 rates of duty.

During the calendar year 1974, calculated duties to be collected on the materials covered by the first section of the enrolled bill amounted to \$1,917,329.

Section 2 of the enrolled bill would amend the Appendix to the Tariff Schedules of the United States to continue until June 30, 1978, the duty suspension in items 911.10, 911.11, and 911.12, relating to copper waste and scrap, articles of copper, and other metal waste and scrap, respectively, which duty suspension expired on June 30, 1975. The enrolled bill would permit the liquidation of entries or withdrawals under items 911.10, 911.11 and 911.12 which were made after June 30, 1975 and before the date of enactment of the bill.

- 2 -

The Department supports the tariff suspensions which would be effectuated by the enrolled bill. No administrative difficulties are anticipated.

In view of the above, this Department would support a recommendation that the enrolled enactment of H.R. 7716 be approved by the President.

Sincerely yours,



General Counsel
Richard R. Albrecht

MEMORANDUM

5457

NATIONAL SECURITY COUNCIL

August 9, 1975

MEMORANDUM FOR: JAMES CAVANAUGH

FROM: Jeanne W. Davis *mu*

SUBJECT: *for* H. R. 7716 - Temporary duty
suspensions on certain forms
of zinc, copper, other metals

The NSC Staff concurs in the proposed Enrolled Bill H. R. 7716 -
Temporary duty suspensions on certain forms of zinc, copper,
other metals.

THE WHITE HOUSE

WASHINGTON

August 12, 1975

MEMORANDUM FOR:

JIM CAVANAUGH

FROM:

MAX L. FRIEDERSDORF

SUBJECT:

H.R. 7716 - Temporary duty suspensions on
certain forms of zinc, copper, other metals

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

**TEMPORARY SUSPENSION OF DUTY ON CERTAIN FORMS
OF ZINC**

**JUNE 16, 1975.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed**

**Mr. ULLMAN, from the Committee on Ways and Means,
submitted the following**

REPORT .

[To accompany H.R. 7716]

The Committee on Ways and Means, to whom was referred the bill (H.R. 7716) to amend the Tariff Schedules of the United States to suspend the duty on certain forms of zinc until the close of June 30, 1978, having considered the same, reports favorable thereon without amendment and recommends that the bill do pass.

DESCRIPTION OF PROVISIONS

The first section of the bill amends subpart B, part 1 of the Appendix to the Tariff Schedules of the United States (TSUS) to insert new item numbers 911.01, 911.02, and 911.03 after item number 907.80 to suspend the column 1 rates of duty on certain forms of zinc for a temporary period until June 30, 1978.

Section 2 of the bill applies the duty suspension to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment.

GENERAL STATEMENT

The bill would suspend the column 1 rates of duty (applicable to imports from countries accorded nondiscriminatory (MFN) tariff treatment) on zinc provided for under seven items of the TSUS. The duties would be suspended on zinc-bearing ores dutiable at 0.67¢ per pound of zinc content under TSUS item 602.20, on zinc dross and skimmings dutiable under TSUS item 603.30 at 0.75¢ per pound, on the zinc content of zinc-bearing materials at 0.67¢ per pound under TSUS items 603.49, 603.50, 603.54, and 603.55, and on zinc

waste and scrap dutiable under TSUS 626.10 at 0.75¢ per pound. The ad valorem equivalents of these duties range from 3 to 11 percent based on 1974 imports, depending on the zinc content and the price of the zinc-bearing material. The column 2 rates of duty (applicable to imports from countries not accorded MFN treatment) would remain unchanged. These duties are 1.67¢ per pound on zinc-bearing ores and other zinc-bearing materials and 1.5¢ per pound on zinc dross and skimmings and zinc waste and scrap.

United States production of slab zinc metal has declined from 1.1 million tons in 1969 to 546,000 tons in 1974. This decline has resulted from the closure of several domestic smelters due to a number of interrelated factors such as high production costs, plant and technology obsolescence, and environmental control regulations. By the end of 1974 zinc metal production capacity was less than 60 percent of that in 1968.

Imports of zinc ore and metal have constituted 45-50 percent of domestic consumption since 1967. There has been a reversal in the composition of these imports in recent years, however, as domestic production of metal has declined. In 1969 about 65 percent of zinc imports totalling about 927,000 short tons valued over \$169 million were in ore and concentrate form, 35 percent were imports of zinc metal. By 1974 imports totalled nearly 780,000 short tons valued at \$504 million. Only 31 percent entered as ores and concentrates, 69 percent as slab zinc metal. Whereas from 1967 to 1971 imports of zinc ore averaged about 510,000 short tons annually and zinc metal imports over about 209,000 short tons, by 1974 the situation was nearly reversed with imports of ore only 240,000 short tons and imports of zinc metal about 540,000 short tons. Canada is the principal source of imports of zinc ores and concentrates, followed by Mexico and Peru.

Other major zinc metal-producing countries import zinc ores and concentrates free of duty. The domestic zinc industry, which seeks the legislation, claims that the United States tariff places domestic smelters at a disadvantage in competing for limited supplies of zinc ores and concentrates and in competing with foreign zinc metal. The duty on ores imposes, in effect, a penalty on the smelting segment of the industry by increasing the cost of raw materials. At the same time the duty does not provide protection for the mining segment since the relative scarcity of foreign concentrates precludes excessive imports in the foreseeable future that could replace domestic mine production. The industry believes that equalization of tariff treatment would also encourage present and future development of new domestic production capacity and help to revert to the pre-1972 relationship between ore and metal.

Favorable reports have been received from the Special Representative for Trade Negotiations and from the Departments of Commerce, State, Treasury, Labor, and Interior. The Department of Agriculture deferred to other agencies.

Public hearings were held by the Subcommittee on Trade of the Committee on Ways and Means on April 23 and 24, 1975 on duty-free entry and temporary duty suspension bills. During these hearings

favorable testimony and written comments were received on H.R. 4250 and H.R. 4765, identical bills similar to H.R. 7716. No objections to this legislation have been received by the committee from any source. Similar legislation was passed by the 93rd Congress but vetoed by the President because of a non-germane Senate amendment.

Your committee believes H.R. 7716 to be meritorious and unanimously urges its approval.

EFFECT OF THE BILL ON THE REVENUES AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the effect of the revenues of this bill. Your committee estimates that the temporary suspension of duties on certain forms of zinc provided by the bill would result in a loss in revenues of approximately \$1.9 million in the first full year of enactment based on 1974 imports.

In compliance with clause 2(1)(2)(B) of Rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote by the committee on the motion to report the bill. This bill was unanimously ordered favorably reported by the committee.

OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clauses 2(1)(3) and 2(1)(4) of Rule XI of the Rules of the House of Representatives, the following statements are made.

With regard to subdivision (A) of clause 3 relating to oversight findings, your committee advises that in its review of the present economic situation with respect to zinc, it concluded it would be desirable to enact legislation changing the present law to suspend the duties temporarily on imports of certain forms of zinc by reason of the considerations outlined above in the General Statement.

In compliance with subdivision (B) of clause 3, your committee states that the changes made in present law by this bill involve no new budgetary authority or new increased tax expenditures.

With respect to subdivisions (C) and (D) of clause 3, your committee advises that no estimate or comparison has been prepared by the Director of the Congressional Budget Office relative to H.R. 7716, nor have any oversight findings or recommendations been submitted to the committee by the Committee on Government Operations with respect to the subject matter contained in the bill.

In compliance with clause (2)(1)(4) of Rule XI, your committee states that the temporary suspension of duties on imports under this bill would not have an inflationary impact on prices and costs in the operation of the general economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as

reported, are shown as follows) new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TARIFF SCHEDULES OF THE UNITED STATES

* * * * *

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	*	*	*
907.80	Logwood, canaigre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia, all the foregoing provided for in items 470.15, 470.23, 470.25, 470.55, 470.57, and 470.65, part 9A, schedule 4.	*	*	*
911.00	Zinc-bearing ores (provided for in item 608.20, part 1, schedule 6).	Free.....	Free.....	On or before 9/30/75.
911.01	Zinc dross and zinc skimmings (provided for in item 608.20, part 1, schedule 6).	Free on zinc content	No change.....	On or before 6/30/78.
911.02	Zinc-bearing materials (provided for in items 603.49, 603.60, 603.54, and 603.55, part 1, schedule 6).	Free.....	No change.....	On or before 6/30/78.
911.03	Zinc waste and scrap (provided for in item 606.10, part 2, schedule 6).	Free on zinc content	No change.....	On or before 6/30/78.
		Free.....	No change.....	On or before 6/30/78.

Calendar No. 273

94TH CONGRESS }
1st Session }

SENATE

REPORT
No. 94-279

TEMPORARY SUSPENSION OF DUTY ON CERTAIN FORMS OF ZINC

JULY 14 (legislative day, JULY 10), 1975.—Ordered to be printed

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

REPORT

[To accompany H.R. 7716]

The Committee on Finance, to which was referred the bill (H.R. 7716) to amend the Tariff Schedules of the United States to suspend the duty on certain forms of zinc until the close of June 30, 1978, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

I. SUMMARY

House bill.—The first section of the bill amends subpart B, part 1 of the Appendix to the Tariff Schedules of the United States (T.S.U.S.) to insert new item numbers 911.00, 911.01, 911.02, and 911.03 after item number 907.89 to suspend the column 1 rates of duty on certain forms of zinc for a temporary period until June 30, 1978.

Section 2 of the House bill applies the duty suspension to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment.

Committee amendment.—The committee added an amendment to the House bill which would continue the suspension of duties on copper waste and scrap, articles of copper and other metal waste and scrap until June 30, 1978.

II. GENERAL DESCRIPTION

A. TEMPORARY SUSPENSION OF DUTY ON CERTAIN FORMS OF ZINC

Section 1 of the bill would suspend the column I rates of duty (applicable to imports from countries accorded nondiscriminatory (MFN) tariff treatment) on zinc provided for under seven items of the TSUS. The duties would be suspended on zinc-bearing ores dutiable at 0.67 cents per pound of zinc content under TSUS item 602.20, on zinc dross and skimmings dutiable under TSUS item 603.30 at 0.75 cents per pound, on the zinc content of zinc-bearing materials at 0.67 cents per pound under TSUS items 603.49, 603.50, 603.54, and 603.55, and on zinc waste and scrap dutiable under TSUS 626.10 at 0.75 cents per pound. The ad valorem equivalents of these duties range from 3 to 11 percent based on 1974 imports, depending on the zinc content and the price of the zinc-bearing material. The column 2 rates of duty (applicable to imports from countries not accorded MFN treatment) would remain unchanged. These duties are 1.67 cents per pound on zinc-bearing ores and other zinc-bearing materials and 1.5 cents per pound on zinc dross and skimmings and zinc waste and scrap.

United States production of slab zinc metal has declined from 1.1 million tons in 1969 to 546,000 tons in 1974. This decline has resulted from the closure of several domestic smelters due to a number of interrelated factors such as high production costs, plant and technology obsolescence, and environmental control regulations. By the end of 1974 zinc metal production capacity was less than 60 percent of that in 1968.

Imports of zinc ore and metal have constituted 45-50 percent of domestic consumption since 1967. There has been a reversal in the composition of these imports in recent years, however, as domestic production of metal has declined. In 1969 about 65 percent of zinc imports totalling about 927,000 short tons valued over \$169 million were in ore and concentrate form, 35 percent were imports of zinc metal. By 1974 imports totalled nearly 780,000 short tons valued at \$504 million. Only 31 percent entered as ores and concentrates, 69 percent as slab zinc metal. Whereas from 1967 to 1971 imports of zinc ore averaged about 510,000 short tons annually and zinc metal imports over about 209,000 short tons, by 1974 the situation was nearly reversed with imports of ore only 240,000 short tons and imports of zinc metal about 540,000 short tons. Canada is the principal source of imports of zinc ores and concentrates, followed by Mexico and Peru.

Other major zinc metal-producing countries import zinc ores and concentrates free of duty. The domestic zinc industry, which seeks the legislation, claims that the United States tariff places domestic smelters at a disadvantage in competing for limited supplies of zinc ores and concentrates and in competing with foreign zinc metal. The duty on ores imposes, in effect, a penalty on the smelting segment of the industry by increasing the cost of raw materials. At the same time the duty does not provide protection for the mining segment since the relative scarcity of foreign concentrates precludes excessive imports in the foreseeable future that could replace domestic mine production.

The industry believes that equalization of tariff treatment would also encourage present and future development of new domestic production capacity and help to revert to the pre-1972 relationship between ore and metal.

No unfavorable comment was received by the committee from the general public on this legislation. No objection to H.R. 7716 has been received from the executive departments or from any other source. Similar legislation was passed by the 93rd Congress but vetoed by the President because of a non-related Senate amendment.

B. TEMPORARY DUTY SUSPENSION ON CERTAIN METAL WASTE AND SCRAP

1. Copper

The committee amendment would continue the duty suspension on certain categories of copper waste and scrap under TSUS Items 911.10 and 911.11 for an additional three years. The duty suspension on these items expired as of June 30, 1975.

Legislation suspending the duty of imports of unwrought copper (except nickel copper), copper waste and scrap, copper articles imported to be used in remanufacture by smelting, and on the copper content of certain copper-bearing ores and materials was enacted in 1966, and, as a result of periodic extensions, was continued through June 30, 1972. Legislation introduced in April 1972, to continue the copper duty suspension was not passed and, therefore, duties were reimposed, effective July 1, 1972. Enactment of H.R. 2323 (Public Law 93-77) reinstated the copper duty suspension, effective for a period from July 1, 1973, until June 30, 1974. Under Public Law 93-497, the duty suspension was extended until June 30, 1975.

The rate of duty which would remain suspended to June 30, 1978, under the Committee amendment is 0.8 cents per pound on the copper content of the articles imported from countries accorded most-favored-nation treatment. Imports of copper from most Communist countries would continue to be dutiable at existing rates of duty.

2. Other Metal Waste and Scrap.

The committee amendment would also continue the duty suspension for an additional three years of other categories of metal waste and scrap under TSUS Item 911.12, which also expired as of June 30, 1975.

Legislation for the temporary suspension of the duties on various metal scrap was first enacted in 1942 (Public Law 497, 77th Congress, act of March 13, 1942, 56 Stat. 171). With various changes the suspension was continued from time to time depending upon the scarcity of the particular metals at the time.

The committee amendment would continue for 3 years (through June 30, 1978) the temporary suspension of the duties on certain metal waste and scrap, et cetera, 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 committee amendment would permit the liquidation or reliquidation of entries or withdrawals under Articles 911.10, 911.11, and 911.12 which were made after June 30, 1975 and before the date of enactment of this bill to be made on a duty-free basis.

The committee is aware of general industry support for the continuation of the duty suspension for these items. In addition, no objection to the continuation of these duty suspensions has been brought to the committee's attention by the general public or by any Executive agency. The committee, therefore, recommends that the Senate give favorable consideration to the committee amendment to H.R. 7716.

III. COSTS OF CARRYING OUT THE BILL AND EFFECT ON THE REVENUES OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out this bill and the effect on the revenues of the bill. The committee estimates that the temporary suspension of duties on certain forms of zinc provided by the bill would result in a loss in revenues of approximately \$1.9 million in the first full year of enactment based on 1974 imports. The extension of the suspension of duties on metal waste and scrap under the committee amendment would not result in any additional loss of revenues or administrative costs.

IV. VOTE OF COMMITTEE IN REPORTING THE BILL

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

V. 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

APPENDIX TO THE TARIFF SCHEDULES

Item	Articles	Rates of duty			Effective period
		1	2		
PART I.—TEMPORARY LEGISLATION					
•	•	•	•	•	•
Subpart B.—Temporary Provisions Amending the Tariff Schedules.					
•	•	•	•	•	•
907.80	Logwood, canaigre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia, all the foregoing provided for in items 470.15, 470.23, 470.25, 470.55, 470.57, and 470.65, part 9A, schedule 4.	Free.....	Free.....	On or before 6/30/75.	
911.00	Zinc-bearing ores (provided for in item 608.80, part 1, schedule 6).	Free on zinc content	No change....	On or before 6/30/78.	
911.01	Zinc dross and zinc skimmings (provided for in item 608.80, part 1, schedule 6).	Free.....	No change....	On or before 6/30/78.	
911.02	Zinc-bearing materials (provided for in items 608.49, 608.50, 608.54, and 608.55, part 1, schedule 6).	Free on zinc content	No change ..	On or before 6/30/78.	
911.03	Zinc waste and scrap (provided for in item 608.10, part 8, schedule 6).	Free.....	No change....	On or before 6/30/78.	
•	•	•	•	•	•
Rates of duty					
1-a	1-b	2			Effective period
Metal waste and scrap (provided for in part 2, schedule 6), except lead, zinc, and tungsten waste and scrap; 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; relaying or rerolling rails; and articles of metal (except articles of lead, of zinc, or of tungsten, and not including metal-bearing materials provided for in schedule 4 or in part 1 of schedule 6 and not including unwrought metal provided for in part 2 of schedule 6) to be used in remanufacture by melting:					
911.10	Copper waste and scrap.....	Free.....	No change..	No change..	On or before [6/30/75] 6/30/78.
911.11	Articles of copper.....	Free.....	No change..	No change..	On or before [6/30/75] 6/30/78.
911.12	Other.....	Free.....	Free.....	Free.....	On or before [6/30/75] 6/30/78.

Ninety-fourth Congress of the United States of America
AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To amend the Tariff Schedules of the United States to suspend the duty on certain forms of zinc until the close of June 30, 1978, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subpart B of part 1 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by inserting immediately after item 907.80 the following new items:

"	911.00	Zinc-bearing ores (provided for in item 602.20, part 1, schedule 6)-----	Free on zinc content	No change	On or before 6/30/78
	911.01	Zinc dross and zinc skimmings (provided for in item 603.30, part 1, schedule 6)-----	Free	No change	On or before 6/30/78
	911.02	Zinc-bearing materials (provided for in items 608.49, 608.50, 608.54 and 608.55, part 1, schedule 6)-----	Free on zinc content	No change	On or before 6/30/78
	911.03	Zinc waste and scrap (provided for in item 626.10, part 2, schedule 6)-----	Free	No change	On or before 6/30/78

SEC. 2. Items 911.10, 911.11, and 911.12 of the Appendix to the Tariff Schedules of the United States (19 U.S.C. 1202) are amended by striking out "6/30/75" each place it appears therein and inserting in lieu thereof "6/30/78".

SEC. 3. (a) The amendment made by the first section of this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of the enactment of this Act.

(b) The amendments made by section 2 of this Act apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this Act.

(c) Upon request therefore filed with the customs officer concerned before the 121st day after the date of enactment of this Act, the entry or withdrawal of any article classified under the items amended under section 2 of this Act which was made after June 30, 1975, and before the date of enactment of this Act, shall, notwithstanding the provisions of section 514 of the Tariff Act of 1930 or any other provision of law, be liquidated or reliquidated as though such entry or withdrawal had been made on the date of enactment of this Act.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

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August 2, 1975

Dear Mr. Director:

The following bills were received at the White House on August 2nd:

H.R. 83 ✓	H.R. 7716 ✓✓
H.R. 1553 ✓✓	H.R. 9091 ✓✓
H.R. 4241 ✓✓	S. 409 ✓✓
H.R. 4723 ✓✓	S. 1531 ✓✓
H.R. 5405 ✓✓	S. 1716 ✓✓
H.R. 7710 ✓✓	S. 2073 ✓✓

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.