

DUTIABLE STATUS FOR PLATINUM FOXES AND FURS

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

REPORT

[To accompany H. R. 4938]

The Committee on Finance to whom was referred the bill (H. R. 4938) to amend the Tariff Act of 1930, with reference to platinum foxes and platinum-fox furs, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

EXPLANATION OF THE BILL

The purpose of this bill is to provide the same tariff classification of platinum foxes and platinum-fox furs as is provided in the case of silver or black foxes and furs.

Platinum foxes are mutations of silver or black foxes. Platinum-fox furs and mutations and types of fur developed from silver or black foxes have been administratively classified with silver- or black-fox furs for duty determinations. This bill gives the administrative classification the support of express statutory provision.

In addition the bill accords purebred animals imported for breeding purposes the same dutiable status as that of purebred silver foxes.

Platinum foxes are a mutation of silver or black foxes developed after enactment of the Tariff Act of 1930. Since there were no platinum foxes when the Tariff Act of 1930 was formulated, this must be presumed to account for nonmention in the Tariff Act and your committee is of the opinion it is appropriate they should receive by express mention the dutiable status of the furs to which they are directly related.

A letter to the Committee on Ways and Means from the Department of State advises that enactment of the proposed legislation would not be inconsistent with the Geneva trade agreement by reason of express reservations made at the time the agreement was concluded.

A more detailed explanation of the bill appears in the following sections from the report of the Committee on Ways and Means of the House of Representatives:

The purpose of the bill is to provide a dutiable status for foxes and fox furs commonly known as the platinum or platina type, as well as furs of other foxes which are mutations from silver foxes, mutations from platinum foxes, and furs of foxes of types which are developed from silver or platinum foxes. The bill provides that such furs shall be included within the term "silver or black fox" as used in paragraph 1519 (c) and dutiable thereunder at the statutory rate of 50 percent ad valorem subject to reductions thereof by subsequent trade agreements. The present rate is 37½ percent ad valorem.

The bill would also exclude from paragraph 1606 (a) platinum foxes and mutations or types developed from silver and platinum foxes. This paragraph now provides for the free entry of purebred animals, except black or silver foxes, imported by United States citizens for breeding purposes.

The term "silver or black fox" is used in subparagraphs (a) and (b) of paragraph 1519, in excepting clauses to provisions for dressed furs and certain manufactures of fur, respectively, and in subparagraph (c) of that paragraph, which is the provision for dressed and undressed silver or black fox furs.

Undressed fox furs, other than silver or black fox, are free of duty under paragraph 1681 of the tariff act, which provides for "Furs and furskins, undressed, not specially provided for."

Whether the term "silver or black fox" now includes for tariff purposes the types of foxes which H. R. 4938 would specifically declare to be included in that term will be settled, at least so far as platinum foxes are concerned, by the outcome of pending litigation in the customs courts. A decision rendered January 31, 1947, by the United States Customs Court (C. D. 1042) sustained a protest of an importer who claimed that the term "silver or black fox" as used in paragraph 1519 (c) does not include platinum fox, which the court held to be a "mutation" from silver or black fox. The issue involved is the proper tariff classification of undressed platinum fox furs, which the importer claims to be free of duty under paragraph 1681. The case has been appealed to the United States Court of Customs and Patent Appeals where it is now pending. Pending final determination of the issue, customs authorities are continuing their practice of treating platinum fox furs as silver or black fox furs, subject to duty under paragraph 1519 (c). If the appellate court should sustain the judgment of the lower court, the proposed bill would have the effect, if enacted, of changing the original scope of the term "silver or black fox" as judicially interpreted.

Section 2 of the bill would strike out "except black or silver foxes" from paragraph 1606 (a) of the Tariff Act of 1930, and substitute therefor "except black, silver, or platinum foxes, and any fox which is a mutation, or type developed therefrom." Paragraph 1606 (a) exempts from duty any purebred animal (including foxes other than "black or silver foxes") imported by a citizen of the United States specially for breeding purposes. Here again the question of whether the term "black or silver foxes" as used in paragraph 1606 (a) includes platinum foxes or foxes which are mutations, or types developed from black or silver, or platinum foxes, will be determined, at least so far as platinum foxes are concerned, by the outcome of the litigation referred to above. If live purebred platinum foxes and mutations or types developed from silver and platinum foxes and imported for breeding purposes, are not now dutiable under paragraph 715 of the tariff act, which provides for "live animals, vertebrate or invertebrate, not specially provided for," section 2 of the bill would transfer them to that paragraph. The duty-free status of purebred foxes other than "black or silver foxes," imported for breeding purposes, is bound pursuant to the Geneva trade agreement. This concession is also subject to the reservation of the right of the United States to apply the same customs treatment to platinum foxes as it applies to silver or black foxes.

Should the pending litigation as to the tariff status of platinum fox furs be decided in favor of the importer, the enactment of the proposed legislation would clearly be consistent with the Geneva agreement so far as platinum foxes and furs thereof are concerned. However, since that agreement contains no reservation with respect to "a mutation, or type developed from silver, black, or platinum foxes," your committee has been advised by the Department of State that enactment of the bill would not be inconsistent with that agreement. The Department's letter to the committee in this regard is attached at the conclusion of this report.

It should also be noted that the amendment to paragraph 1606 (a) proposed to be made by section 2 of the bill would not "include" platinum fox, mutations, etc., in the term "black or silver fox," as is proposed to be done in paragraph 1519, but would simply except these animals additionally to the exception of black or silver fox. When the act of 1930 was being formulated, there were no platinum foxes. This accounts for the failure to mention them specifically in that act. Now that they have become an important article of commerce, it is fitting that they should receive particular mention and that a dutiable status similar to that of related types of furs be provided.

Platinum foxes and furs are considered to be especially desirable and have brought prices considerably in excess of those paid for black and silver variety. The first platinum fox was produced in 1933 from a mating of silver foxes. A small number were produced by cross-breeding but it was not until 1940 that they began to be produced in larger quantities.

The high prices obtained for platinum-fox furs encouraged their production and in 1942 about 2,000 pelts were sold at auction in the United States. In 1945 about 18,000 were sold. The increased supply caused prices to decline but prices are still higher than for silver- or black-fox furs. Official statistics showing United States imports of platinum foxes or other mutations of silver-fox furs are not reported separately, although the Tariff Commission has made an analysis of invoices covering entries under the classification "silver- or black-fox furs, whole skins, dressed or undressed."

In the year 1946 and January-July of 1947, imports were substantial, as indicated in the following table:

TABLE 1.—Platinum and other silver fox mutation furs: United States imports for consumption, by countries, 1946 and January-July 1947

Country	1946 ¹			1947 (January-July) ¹		
	Total	Platinum	White-marked	Total	Platinum	White-marked
Quantity (number of pelts)						
Canada.....	3,560	3,249	311	17,041	12,973	4,068
Norway.....	4,348	4,251	97	27	27	.....
Sweden.....	806	806	.....	331	331	.....
United Kingdom.....	319	319	.....	.....	.....	.....
Finland.....	8	8	.....	120	120	.....
Total.....	9,041	8,633	408	18,419	13,451	4,068
Value (foreign)						
Canada.....	\$225,950	\$210,950	\$15,000	\$394,972	\$284,643	\$110,329
Norway.....	283,180	279,101	4,079	987	987	.....
Sweden.....	52,967	52,967	.....	14,477	14,477	.....
United Kingdom.....	19,649	19,649	.....	.....	.....	.....
Finland.....	404	404	.....	3,600	3,600	.....
Total.....	582,150	563,071	19,079	414,036	303,707	110,329
Unit value (per pelt)						
Canada.....	\$63.47	\$64.93	\$48.23	\$22.02	\$21.94	\$22.21
Norway.....	65.13	65.66	42.05	36.56	36.56	.....
Sweden.....	65.72	65.72	.....	43.74	43.74	.....
United Kingdom.....	61.80	61.60	.....	.....	.....	.....
Finland.....	50.50	50.50	.....	30.00	30.00	.....
Average.....	64.39	65.22	46.76	22.48	22.58	22.21

¹ Preliminary.

Source: Compiled by the U. S. Tariff Commission from invoices covering imports entered as silver- or black-fox furs, par. 1519 (c).