

# Calendar No. 2370

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SENATE

} REPORT  
No. 2368

## EXEMPTING FROM DUTY ARTICLES IMPORTED FROM THE VIRGIN ISLANDS WHICH CONTAIN DUTY-FREE FOREIGN MATERIALS

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AUGUST 16 (legislative day, JULY 20), 1950.—Ordered to be printed

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

### REPORT

[To accompany H. R. 6343]

The Committee on Finance, to whom was referred the bill (H. R. 6343) relating to customs duties on articles coming into the United States from the Virgin Islands, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

#### GENERAL STATEMENT

The purpose of the bill is to permit free entry of articles coming into the United States, or its possessions, from the Virgin Islands when such articles contain foreign materials which may be imported directly into the United States free of duty. This would be accomplished by adding a new sentence to section 3 of the act of March 3, 1917, entitled "An act to provide a temporary government for the West Indian islands acquired by the United States from Denmark by the convention entered into between said countries on the fourth day of August, nineteen hundred and sixteen, and ratified by the Senate of the United States on the seventh day of September, nineteen hundred and sixteen, and for other purposes" (39 Stat. 1133; 48 U. S. C., 1946 ed., sec. 1394).

Section 3 of the above-mentioned act now makes dutiable articles coming into the United States, or its possessions, from the Virgin Islands, except where such articles are grown, produced, or manufactured in the Virgin Islands from materials grown or produced in the Virgin Islands, or the United States, or both, and where such articles do not contain foreign materials in excess of 20 percent of their total value, provided a draw-back of customs duties has not been allowed on the foreign materials.

## 2 EXEMPTING VIRGIN ISLANDS DUTY-FREE FOREIGN MATERIALS

The Bureau of Customs of the United States Treasury has held that the words "foreign materials" include nondutiable as well as dutiable articles. The bill provides that in determining whether an article imported from the Virgin Islands contains foreign material to the value of more than 20 percent, no material shall be considered foreign which, at the time the article is entered, or withdrawn from warehouse, for consumption may be imported into the continental United States free of duty.

Your committee was advised that enactment of this legislation would encourage the establishment of new industries in the Virgin Islands, thereby giving full employment to many Virgin Islanders who must now rely upon the seasonal sugar industry for their main source of employment. By bringing in greater revenues to the local treasuries, this would, in turn, reduce the need for annual deficit appropriations by the Congress.

The bill conforms with a draft of legislation submitted by the Department of Interior. The Treasury Department and the Bureau of the Budget have advised your committee that they have no objection to its enactment.

### 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 italics, existing law in which no change is proposed is shown in roman):

SECTION 3 OF ACT OF MARCH 3, 1917 (39 STAT. 1133; 48 U. S. C., SEC. 1394)

SEC. 3. That on and after the passage of this Act there shall be levied, collected, and paid upon all articles coming into the United States or its possessions, from the Virgin Islands, the rates of duty and internal-revenue taxes which are required to be levied, collected, and paid upon like articles imported from foreign countries: *Provided*, That all articles, the growth of product of, or manufactured in such islands from materials the growth or product of such islands or of the United States, or of both, or which do not contain foreign materials to the value of more than twenty per centum of their total value, upon which no drawback of customs duties has been allowed therein, coming into the United States from such islands shall hereafter be admitted free of duty. *In determining whether such a Virgin Islands article contains foreign material to the value of more than 20 per centum, no material shall be considered foreign which, at the time the Virgin Islands article is entered, or withdrawn from warehouse, for consumption, may be imported into the continental United States free of duty.*

