

PROVIDING FOR THE FREE IMPORTATION OF BALER TWINE

OCTOBER 19 (legislative day, OCTOBER 1), 1951.—Ordered to be printed

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

REPORT

[To accompany H. R. 1005]

The Committee on Finance, to whom was referred the bill (H. R. 1005) to amend the Tariff Act of 1930 to provide for the free importation of twine used for baling hay, straw, and other fodder and bedding material, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

This bill would provide for the entry, free of duty, of twine chiefly used for baling hay, straw, and other fodder and bedding materials, which is commonly referred to as baler twine. This would be accomplished by amending paragraph 1622 of the Tariff Act of 1930, as amended, which paragraph now provides for the entry, free of duty, of binder twine. Under the existing provisions of paragraph 1622 of the Tariff Act of 1930, binding twine is admitted free of duty if—manufactured from New Zealand hemp, henequen, manila, istle or Tampico, fiber, sisal grass, or sunn, or a mixture of any two or more of them, of single ply and measuring not exceeding 750 feet to the pound.

Under the bill, these restrictions will apply not only to binder twine, but also to baler twine, which is chiefly used for baling hay, straw, and other fodder and bedding materials.

GENERAL STATEMENT

Baler twine is now subject to duty at 15 percent ad valorem. It is used principally in automatic pick-up hay balers to tie and bind bales of hay, straw, and fodder crops. It first came into use in 1939, and its use has increased materially since that time due to the steadily increasing use of automatic pick-up twine balers by farmers who find that such baling is efficient and economical. Binder twine, which is

also an agricultural twine, and which is used primarily for binding sheaves of grain and corn, and in some cases hay, has been duty-free since 1896. In many other instances, Congress has exempted from duty commodities and implements used in agricultural pursuits.

The Court of Customs and Patent Appeals held in the case of *Wilbur-Ellis Co. v. United States* (26 C. C. P. A. 402 (1939)), that the baling of hay is an agricultural pursuit. That case involved the question of the entry of wire-baling ties which were held entitled to entry free of duty under paragraph 1604 of the Tariff Act of 1930 as agricultural implements. Yet, by a ruling of the Commissioner of Customs, on October 15, 1945, holding that baler twine falls within paragraph 1005 (b) of the Tariff Act of 1930, baler twine used for the same purposes as baling wire is now dutiable at 15 percent ad valorem. This decision of the Commissioner of Customs is still in the process of litigation.

Your committee believes that there is no just basis for distinguishing between the tariff status of such essential commodities of similar use on the farm as binder twine, baling wire, and baler twine. This bill will place baler twine on the same duty-free status as binder twine and baling wire, which is in accord with the established policy of Congress to admit agricultural commodities and implements free of duty.

Witnesses representing farmers and farm organizations appeared before your committee and testified that there is an acute shortage of baler twine. Many reports have been received that, even at the high prices for which baler twine is now selling, it is impossible to obtain sufficient supplies of this twine, which has resulted in losses of hay crops. The representatives of the farm organizations testified that a growing number of farmers are demonstrating a preference for baler twine over baling wire both from the standpoint of greater safety to livestock and greater economy of operation of balers using twine over balers using wire. Although domestic manufacturers of baler twine testified that production in the current year is at a higher rate than in the previous year, they agreed that in many areas of the country farmers have been unable to obtain baler twine in sufficient quantity to meet their needs.

Testimony presented before your committee was in general agreement that imports of baler twine would be increased by providing for duty-free entry. There is no reason to believe that the American farmer would not insist upon as high a standard of quality in the baler twine imported free of duty as he insists upon today in baler twine subject to duty and baler twine produced by domestic manufacturers.

Yet the benefit to the American farmer accorded by this bill, in the judgment of your committee, will result in no substantial adverse effect upon the domestic producers of baler twine. The record of the hearings before your committee affords no basis for concluding that the elimination of the present duty would prevent domestic manufacturers from selling their production of baler twine at a reasonable price.

Nor would there be any adverse effect upon the national security of the United States from the removal of the present tariff on baler twine. Arguments were presented that the stockpiling objectives of the Munitions Board might be endangered on the ground that there

would not be a domestic industry large enough to handle the rotation of the fibers if imports of baler twine were allowed to come in duty-free. It is understood, however, that foreign producers of baler twine have already been asked to share in the rotation of the stockpile maintained in this country.

Accordingly, there seems to be no sound reason for denying the plea of the four major American farm organizations to relieve the American farmer from the penalty of the tariff on baler twine under existing law through passage of H. R. 1005. In their joint testimony before the Committee on Ways and Means, the representatives of the American Farm Bureau Federation, the National Council of Farmer Cooperatives, the National Farmers Union, and the National Grange urged that passage of the bill is in the public interest for the following reasons:

First, to carry-out a long-established tariff policy of Congress to admit free binding twine.

Second, to increase the supply of baler twine available in this country.

Third, to bring about a more reasonable price.

Fourth, to provide healthy competition in which, we firmly believe, the domestic producer will continue to retain the bulk of a rapidly expanding market.

Fifth, to protect the American food supply.

A favorable report on the bill was received from the Department of Agriculture, and the Bureau of the Budget reported that the bill is in accord with the program of the President.

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 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):

PARAGRAPH 1622 OF SECTION 201 OF TITLE II OF THE TARIFF ACT OF 1930, AS AMENDED

PAR. 1622. All binding twine, *and twine chiefly used for baling hay, straw, and other fodder and bedding materials,* manufactured from New Zealand hemp, henequen, manila, istle or Tampico fiber, sisal grass, or sunn, or a mixture of any two or more of them, of single ply and measuring not exceeding seven hundred and fifty feet to the pound.

