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IMPOSITION OF DUTIES ON TUNA FISH

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

REPORT

[To accompany H. R. 5693]

The Committee on Finance, to whom was referred the bill H. R. 5693 to amend the Tariff Act of 1930, to impose certain duties on the importation of fresh or frozen tuna fish, and for other purposes, having considered the same, report favorably thereon, without amendment, and recommend that the bill do pass.

In reporting this bill favorably, the committee recognized that the emergency found in 1951 by the Ways and Means Committee still exists in the domestic tuna fishing and canning industry. Unemployment is widespread and operating profits are small or nonexistent. The landings of domestic tuna during the first 3 months of 1952 are far below those of the first 3 months of 1951, while imports are slightly larger than a year ago.

While it is recognized that this emergency may be a temporary one, attention is called to the fact that the duty imposed by the bill would be very temporary in nature and could at the longest be applied for only a few months while the over-all picture is being carefully studied.

Although it is assumed that the bill would place some temporary restraint on the current large volume of imports it is by no means prohibitory. It may, in fact, tend to help eliminate serious fluctuations in imports and foreign production caused by the glutting of the American market. In support of this it has been reported that one of the principal supplying countries, Japan, has instituted a voluntary system of export control which may play a part in restoring the market to a more even keel. Other important exporting countries, however, would not be obligated by this purely unilateral arrangement, which is not binding for the future and may be eliminated or changed without consultation.

For the purpose of giving Congress complete information in case some future action appears desirable, two concurrent investigations by Federal agencies, both to be concluded by January 1, 1953, would be required if the bill becomes law.

PURPOSE OF THE BILL

Tuna fish, fresh or frozen, whether or not packed in ice, and whether or not whole, is now free of duty. It is the purpose of this bill to impose a tariff of 3 cents per pound on that product, to become effective 30 days after the date of the enactment of the bill and to expire at the end of March 31, 1953.

The bill would also direct the Tariff Commission to undertake an investigation of the competitive position of the domestic tuna industry and to report to Congress on or before January 1, 1953. It is intended that this study would take into consideration all relevant factors affecting the domestic economy and indicate the effect upon the competitive position of the domestic tuna industry of the duty imposed by the bill. The primary purpose of such an investigation is to furnish Congress with a background of accurate, technical information for the guidance of possible future legislative action.

The bill would also require the Secretary of the Interior to make a study of the long-range position of the domestic tuna industry and to recommend measures which would assist the domestic industry to achieve and maintain a sound position in the domestic economy.

RATES OF DUTY ON TUNA FISH

Under present law tuna fish, fresh or frozen, is not dutiable and this free status has not been bound in any existing foreign trade agreement. Present congressional action, therefore, will in no way impinge upon or interfere with any of our international agreements.

Tuna canned in oil was dutiable at 30 percent under the Tariff Act of 1930, but this was raised to 45 percent in January 1934 when a cost of production investigation by the Tariff Commission indicated that amount as the duty necessary to equalize costs of production in the United States with those of the principal competing countries. This 45 percent rate was reduced to 22½ percent in the 1943 trade agreement with Mexico, but the termination of that agreement at the end of 1950 automatically restored the duty to the 45 percent level, which exists today.

Following the restoration of the 45 percent rate of duty on tuna canned in oil, imports of tuna canned in brine increased sharply. Tuna canned in brine was dutiable at 25 percent under the Tariff Act of 1930; this was reduced to 12½ percent in the trade agreement with Iceland, effective in November 1943.

The United States Tariff Commission is conducting an investigation under the escape clause relative to tuna canned in brine. This could result in a recommendation to the President that he withdraw the concession and restore the duty to the 25 percent level.

THE DOMESTIC TUNA INDUSTRY

The domestic tuna fishing and canning industry gives direct employment to 25,000 to 30,000 persons. Thousands more are affected indirectly.

The domestic tuna fleet consists of 212 so-called "bait boats" which account for about 65 percent of the total tuna catch; about 100 purse seine vessels which account for about 18 percent; and a large number of very small boats which account for about 15 to 16 percent of the catch. The baitboats bring in mostly yellowfin and skipjack tuna; the purse seiners catch bluefin; the smaller boats catch albacore

principally. Both the purse seiners and the small boats fish for other types of fish during the "off" season although tuna is the most important source of their income.

Of the domestic catch, more than half is usually yellowfin and about one quarter skipjack with albacore and bluefin accounting for less than the other quarter.

The southern California albacore price in 1948 averaged about 28 cents per pound, but by 1950 it had dropped to 20 cents and in 1951 it fell to 15 cents. This price decline was due to a glutted market which included heavy imports and was concurrent with a general commodity price increase and higher costs of production in the industry.

More than 90 percent of the total United States catch of tuna is landed on the California coast. According to Tariff Commission reports total estimated production in 1950 was 398 million pounds, of which 375 million were landed in California. Fish caught in the northern Pacific coast area consist largely of albacore and, although the percentage of the total catch accounted for by albacore is not large, it is an important part of the supply.

The following tables show production (landings) of domestic tuna in recent years; a comparison of production (landings) in California during the first 3 months of 1950, 1951, and 1952; and a comparison of the amounts of tuna canned in California canneries, also during the first 3 months of 1950, 1951, and 1952.

TABLE 1.—Tuna fish, fresh or frozen: United States production in recent years

Year	Quantity	Value	Year	Quantity	Value
	<i>Thousands of pounds</i>	<i>Thousands of dollars</i>		<i>Thousands of pounds</i>	<i>Thousands of dollars</i>
1946.....	221,838	26,011	1949.....	333,707	53,933
1947.....	263,946	43,399	1950 ¹	398,000	(1)
1948.....	323,270	59,986	1951 ¹	320,000	(2)

¹ Preliminary.

² Not available.

TABLE 2.—Tuna fish: Landings by domestic boats in California during comparable months of 1950-52¹

Year (January, February, March)	Quantity
	<i>Tons</i>
1950.....	26,000
1951.....	36,000
1952.....	19,000

¹ Landings in California ports accounted for an estimated 95 percent of total landings. Actual figures for the entire country are not available.

TABLE 3.—Tuna fish: Quantity canned by California canners in comparable periods of 1950-52

Year (January, February, March)	Quantity
	<i>Thousands of pounds</i>
1950.....	21,996
1951.....	27,572
1952.....	15,528

NOTE.—Percentage decline, 1952 from 1951, 43.7 percent.

THE IMPORT SITUATION

The importation of fresh or frozen tuna prior to World War II reached a peak of 15 million pounds. Since Japan was the principal source, imports were much smaller during the war years, but following the war, shipments from foreign sources began to increase and by 1949 amounted to over 20 million pounds. They increased very sharply to 57 million pounds in 1950, and to over 75 million pounds in 1951.

During the last 2 years Japan has supplied about 45 to 50 percent and Peru about 20 percent of the imports. A large part of the balance came from the Canal Zone and Costa Rica.

It should be noted that some American fishing vessels operate out of the Canal Zone and Costa Rica and on occasion may ship their catch to the United States via foreign vessels. These amounts are not large, however, and have relatively little effect on over-all production and import statistics.

The following tables show imports of foreign fresh and frozen tuna in representative years and by months for the years 1950, 1951, and for the first 3 months of 1952.

TABLE 4.—Tuna, fresh or frozen: United States imports since 1931 in specified years

Year	Quantity	Value	Year	Quantity	Value
	<i>Thousands of pounds</i>	<i>Thousands of dollars</i>		<i>Thousands of pounds</i>	<i>Thousands of dollars</i>
1931.....	7,858	579	1945.....	3,074	433
1933.....	5,936	233	1946.....	4,167	612
1935.....	6,283	395	1947.....	9,204	1,237
1937.....	14,411	867	1948.....	9,143	1,616
1938.....	13,694	803	1949 ¹	20,606	2,922
1939.....	14,595	749	1950 ¹	56,712	7,693
1943.....	1,310	99	1951 ¹	70,073	8,826
1944.....	3,475	319			

¹ Preliminary.

TABLE 5.—Tuna, fresh or frozen: United States imports for consumption, by months, 1950 and 1951, and January-March 1952

Year and month	Quantity	Foreign value	Year and month	Quantity	Foreign value
	<i>Thousands of pounds</i>	<i>Thousands of dollars</i>		<i>Thousands of pounds</i>	<i>Thousands of dollars</i>
1950: ¹			1951: ¹		
January.....	965	92	January.....	4,750	669
February.....	420	46	February.....	2,767	282
March.....	2,194	156	March.....	3,163	395
April.....	638	74	April.....	8,752	761
May.....	6,096	816	May.....	6,391	666
June.....	4,320	552	June.....	5,804	831
July.....	8,239	1,257	July.....	14,062	1,873
August.....	13,213	2,143	August.....	11,656	1,827
September.....	6,798	908	September.....	8,141	1,111
October.....	3,613	476	October.....	2,460	215
November.....	6,350	734	November.....	1,417	184
December.....	3,886	439	December.....	641	81
Total.....	56,712	7,693	1952: ¹		
			January.....	623	70
			February.....	7,547	938
			March.....	2,755	338

¹ Preliminary.

NOTE.—Beginning in December 1951, import figures have been adjusted and do not show fish caught by American fishermen but entered via foreign vessels. Figures for prior months have not been so adjusted.

Following the restoration of the 45-percent rate of duty on tuna canned in oil on January 1, 1951, imports declined. Immediately, however, imports of tuna canned in brine, dutiable at only 12½ percent, began to increase greatly. The following tables show imports of canned tuna during recent years.

TABLE 6.—Canned tuna fish (in oil and in brine): United States imports during the first quarter of 1950-51-52

Year (January, February, March)	Quantity
	Thousands of pounds
1950.....	3,045
1951.....	1,949
1952.....	6,560

TABLE 7.—Tuna fish, canned, in brine: United States imports in recent years

Year	Quantity	Value	Year	Quantity	Value
	Thousands of pounds	Thousands of dollars		Thousands of pounds	Thousands of dollars
1948.....	13	6	1950.....	381	93
1949.....	79	25	1951.....	9,372	3,097

TABLE 8.—Tuna fish, canned, in oil: United States imports in recent years

Year	Quantity	Value	Year	Quantity	Value
	Thousands of pounds	Thousands of dollars		Thousands of pounds	Thousands of dollars
1931.....	937	166	1948.....	8,254	4,770
1935.....	8,185	1,263	1949.....	4,418	2,133
1939.....	10,126	1,669	1950.....	36,496	14,410
1946.....	4,739	1,952	1951.....	3,619	1,411
1947.....	6,148	3,241			

Competitive factors

It appears that the domestic fleet is not able to supply the American market with tuna. Extensive advertising and the recognized high nutritive value of tuna canned in oil, has caused a great expansion in consumer demand for that product in recent years. The lighter meated albacore, especially, is not supplied in sufficient quantities by our own fishermen and added amounts are needed from abroad. The committee believes that the proposed duty will be regulatory and will not be exclusionary.

Many thousands of pounds of cottonseed oil is used in the canning of tuna, and producers of that commodity are also seriously affected when the canned tuna market is glutted or upset or when imports of tuna in oil or in brine are excessive.

In this respect, attention is called to the fact that there is presently before the Tariff Commission an escape clause investigation which could result in doubling the import duty on tuna canned in brine. Although this new rate would be 25 percent, well below the 45 percent rate on tuna in oil, it would have some effect on imports. It is assumed that the investigations by the Tariff Commission and the Secretary of the Interior required by the bill will contain recommenda-

tions concerning the canned, as well as the fresh or frozen product. The tariff concession on tuna in brine was made bilaterally with Iceland, which has no tuna fishing or canning industry, and therefore serious diplomatic questions should not be involved in its withdrawal.

The problem of canners, principally in the Pacific Northwest and along the Atlantic coast, obtaining fresh or frozen tuna for their canning operations was seriously considered by the committee. It was felt that, although there may be some increase in the cost of Japanese tuna to the Washington-Oregon area and of Peruvian tuna to the Atlantic coast canners, supplies will continue to be available. The following table shows the amount of tuna fish canned in the United States, by areas, in 1951.

TABLE 9.—Tuna fish: Quantity canned in the United States, by areas, in 1950 and 1951

Area	Quantity ¹	
	1950	1951
Atlantic coast.....	87,050	189,990
Washington-Oregon.....	957,595	645,232
California.....	7,899,054	7,454,315
Total.....	8,944,588	8,289,537

¹ Cases, about 19½ pounds per case.

Peru levies an export tax on tuna shipped from that country, which, if mitigated or removed would reduce the effect of any United States duty on imports.

The investigations required by the bill, especially that of the Secretary of the Interior, might well result in long-range benefits to all the canners of tuna. The desired result of that investigation would be the reporting of information that would assist the domestic "tuna industry," including canning, to achieve and maintain a "sound position in the domestic economy."

The committee took official notice of the fact that the 3 cents per pound duty was a figure arrived at by careful study as one that would tend to regulate, but which would not prohibit, imports. That figure was not suggested by any industry, but was recommended by the Ways and Means Investigating Subcommittee after consultation with Government technicians.

It is felt by the committee that a temporary duty of the kind provided by the bill will not have any serious effect on our foreign trade. At the same time it will provide some assurance to a demoralized domestic fishing industry upon which many thousands of citizens are dependent for a livelihood. Furthermore, it will serve to maintain fleets of excellent craft which, as they did in the last war, serve vitally in the protection of our coast line.

The bill provides for close observation of the effects of the proposed duty and for the supplying to Congress of facts upon which future legislation, if then needed, can be adopted.

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):

TARIFF ACT OF 1930

PAR. 717. (a) Fish, fresh or frozen (whether or not packed in ice), whole, or beheaded or eviscerated or both, but not further advanced (except that the fins may be removed): Halibut, salmon, mackerel, and swordfish, 2 cents per pound; other fish, not specially provided for, 1 cent per pound.

(b) Fish, fresh or frozen (whether or not packed in ice), filleted, skinned, boned, sliced, or divided into portions, not specially provided for, 2½ cents per pound.

(c) Fish, dried and unsalted: Cod, haddock, hake, pollock, and cusk, 2½ cents per pound; other fish, 1½ cents per pound.

(d) *Tuna fish, fresh or frozen, whether or not packed in ice, and whether or not whole. 3 cents per pound.*

* * * * *
 PAR. 1756. [Sea herring, smelts, and tuna fish] *Sea herring and smelts*, fresh or frozen, whether or not packed in ice, and whether or not whole.

