

AMENDING PARAGRAPH 1530 (e) OF THE TARIFF ACT OF 1930

JUNE 16 (legislative day, JUNE 11), 1954.—Ordered to be printed

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

REPORT

[To accompany H. R. 6465]

The Committee on Finance, to whom was referred the bill (H. R. 6465) to amend paragraph 1530 of the Tariff Act of 1930 with respect to footwear, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all except the enacting clause and insert in lieu thereof the following:

That paragraph 1530 (e) of the Tariff Act of 1930, as amended, is amended by adding at the end thereof the following: "For the purposes of this paragraph and any existing or future proclamation of the President relating to footwear of which a major portion, in area, of the basic wearing surface of the outer soles (that part of the article, not including the heel, that is designed to be the basic wearing surface and to resist wear on contact with any surface) is composed of India rubber or any substitute for rubber, or both, shall be deemed to have soles wholly or in chief value of India rubber or substitutes for rubber." The foregoing amendment shall enter into force as soon as practicable, on a date to be specified by the President in a notice to the Secretary of the Treasury following such negotiations as may be necessary to effect a modification or termination of any international obligations of the United States with which the amendment might conflict, but in any event not later than 180 days after the passage of this Act.

GENERAL STATEMENT

The purpose of H. R. 6465 is to close an apparent loophole in existing tariff law.

Rubber-soled footwear with fabric uppers, such as tennis shoes, sneakers, etc., was originally dutiable under the Tariff Act of 1930 at the rate of 35 percent ad valorem based on foreign value. In 1933 the Tariff Commission, after investigation under section 336 of the tariff act (the flexible-tariff provision) recommended to the President

that the basis of valuation on rubber-soled fabric-upper footwear be changed to the "American selling price" basis in order to equalize the differences in cost of production of such footwear in the United States and in the principal competing foreign country. The President proclaimed the recommended change in the basis of valuation, and since 1933 imported rubber-soled footwear with fabric uppers has been appraised on the basis of the "American selling price" of the like or similar domestic article.

Recently foreign producers discovered that by inserting a leather "filler" between the insole and the outsole of the type of footwear in question they could avoid assessment of duty on the basis of the "American selling price" of the similar domestic article because the leather filler rendered the "sole" in chief value of leather rather than rubber. For all practical purposes, the footwear is the same article as was previously assessed on the "American selling price" basis, and this practice threatens to nullify completely the effect of the President's 1933 proclamation referred to above.

The committee feels that this situation must be corrected and that the tariff protection intended for the domestic producers of rubber-soled fabric-upper footwear be restored as soon as possible. The enactment of H. R. 6465 would accomplish this purpose.

The committee amendment to the bill as passed by the House accomplishes two things:

(1) It has been discovered that certain types of imported footwear for women had soles composed of mixtures of cork and rubber and, therefore, would have been covered by the language of the House bill. It was not the purpose of this bill to alter the classification of casual shoes such as these. The recommended language limits the change in classification to rubber-soled footwear with fabric uppers such as tennis shoes, sneakers, etc.

(2) The bill as passed by the House was objected to by the Department of State on the grounds that its passage would conflict with obligations made in trade agreements. Although the original negotiations on rubber-soled footwear were made with Czechoslovakia, which country has not received the benefit of our trade agreement concessions since 1951, representatives of the Department of State felt that because the concession in question was still of a part of the general agreement, diplomatic withdrawal of that concession should precede the effective date of the reclassification. With that in mind the committee amended the bill to provide ample opportunity for the President to effect modification or termination of any international obligations with which the bill might conflict. The Departments of Treasury and State have, therefore, withdrawn original objections to the bill.

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 1530 (e) OF THE TARIFF ACT OF 1930

(e) Boots, shoes, or other footwear (including athletic or sporting boots and shoes), made wholly or in chief value of leather, not specifically provided for, 20 per centum ad valorem; boots, shoes, or other footwear (including athletic or sporting boots and shoes), the uppers of which are composed wholly or in chief value of wool, cotton, ramie, animal hair, fiber, rayon, or other synthetic textile, silk, or substitutes for any of the foregoing, whether or not the soles are composed of leather, wood, or other materials, 35 per centum ad valorem. *For the purposes of this paragraph and any existing or future proclamation of the President relating to footwear of which a major portion, in area, of the basic wearing surface of the outer soles (that part of the article, not including the heel, that is designed to be the basic wearing surface and to resist wear on contact with any surface) is composed of India rubber or any substitute for rubber, or both, shall be deemed to have soles wholly or in chief value of India rubber or substitutes for rubber.*

