

## FREE IMPORTATION OF GIFTS FROM MEMBERS OF THE ARMED FORCES OF THE UNITED STATES ON DUTY ABROAD

MAY 27 (legislative day, MAY 2), 1955.—Filed under authority of the order of the Senate of May 27 (legislative day, May 2), 1955, with amendments, and ordered to be printed

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

### REPORT

[To accompany H. R. 5559]

The Committee on Finance, to whom was referred the bill (H. R. 5559) to make permanent the existing privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

#### AMENDMENTS

The purpose of H. R. 5559 is to extend the privilege of members of the Armed Forces of the United States on duty abroad to send to this country bona fide gifts valued at not more than \$50 without the payment of customs duties or import taxes. The bill as passed by the House would have made this privilege permanent. The Finance Committee, however, amended the bill to provide for an extension of 2 years.

The bill was further amended by the addition of a provision reclassifying hardboard under the Tariff Act of 1930, as amended.

#### GENERAL STATEMENT

The act of December 5, 1942 (Public Law 790, 77th Cong., 56 Stat. 1041), allowed, until the expiration of 6 months after the termination of hostilities as determined by proclamation of the President, the entry, free of customs duties or internal revenue import taxes, of so much of any shipment as did not exceed \$50 in value if there were filed in connection with the entry satisfactory evidence that the articles were bona fide gifts from a member of the Armed Forces of the United States on duty outside the continental limits of the United States. Public Law 384 of the 80th Congress extended the

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period for free entry through June 30, 1949, and also amended the law by restricting the privileges so as to deny free entry on or after September 1, 1947, unless the article is purchased "in or through authorized agencies of the Armed Forces of the United States or in accordance with regulations prescribed by the major geographical commands of the United States Armed Forces."

Public Law 241 of the 81st Congress again extended the period for free entry through June 30, 1951.

Public Law 1 of the 82d Congress again extended the period for free entry through June 30, 1953.

Public Law 19 of the 83d Congress extended the period for free entry through June 30, 1955.

The Department of Defense in urging the enactment of this legislation expressed the opinion that favorable consideration of your committee's bill would make a definite contribution to the morale of our Armed Forces. It is extremely important to a serviceman on a tour of duty overseas that he be able to send small gifts and remembrances from the region in which he is serving to his family and friends in this country. If such articles were made subject to duty, the administrative problems involved in sending gifts home would serve to discourage this practice.

It appears that the presence of members of the Armed Forces of the United States in many parts of the world will continue for some time. The committee felt that this free-entry privilege for specified gifts should be continued although it was felt that the possibility of abuses was such that only a temporary extension should be made. Although permanent legislation would relieve the Congress of the task of reviewing and perhaps reenacting periodic extensions of this free-entry privilege, it appears that this is outweighed by the need for review to prevent and check on possible abuses. The Treasury Department reports that while there are undoubtedly some abuses of this free-entry privilege, they are far outweighed by the benefits of the legislation.

Certain restrictions contained in the act and appropriate regulations issued by the Department of the Treasury and the Department of Defense have provided a good deterrent to the shipment of goods to the United States for resale. On a permanent basis, however, this legislation may provide an inducement for infractions of these regulations. The committee felt that because of the importance of this kind of legislation, it should be reviewed occasionally by the Congress.

### HARDBOARD

Hardboard imported into the United States is presently classified for tariff purposes under paragraphs 1402 and 1413 of the Tariff Act of 1930, which relate generally to paper products, and under paragraph 1539 (b) relating to laminated products. When the 1930 act was adopted, hardboard was a relatively unknown product. When first developed, it had some of the qualities of paperboard and was administratively classified as a paper product; however, later developments resulted in the production of hardboard which not only had the principal properties of wood, but also a counterpart of wood in general usage.

Hardboard is composed of lumber scrap and waste which would otherwise be destroyed and lost as a beneficial product.

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The change in classification results in some change in the tariff rate. Various types of paper products with which hardboard is presently classified carry ad valorem equivalent rates of 7½ to as high as 15 percent. The larger part of the imports enter at the 7½-percent rate. As a result of this reclassification, the tariff will amount to 16½ percent, the rate presently applying to competitive-type wood products. The amendment provides for the same trade agreement treatment of hardboard as has been applied to the other wood products in that classification.

#### 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 2 OF THE ACT OF DECEMBER 5, 1942, AS AMENDED

(U. S. C., title 50 App., sec. 847)

SEC. 2. This Act shall be effective with respect to articles entered for consumption or withdrawn from warehouse for consumption on or after the day following the date of its enactment and before **[July 1, 1955.]** *July 1, 1957.*

#### PARAGRAPH 412 OF THE TARIFF ACT OF 1930

PAR. 412. Spring clothespins, 20 cents per gross; furniture, wholly or partly finished, and parts thereof, and folding rules, all the foregoing, wholly or in chief value of wood, and not specially provided for, 40 per centum ad valorem; wood moldings and carvings to be used in architectural and furniture decoration, 40 per centum ad valorem; bent-wood furniture, wholly or partly finished, and parts thereof, 47½ per centum ad valorem; paintbrush handles, wholly or in chief value of wood, 33½ per centum ad valorem; *hardboard, whether or not provided for elsewhere in this Act, and whether or not cut, stamped, or shaped for boxes or other articles, 33½ per centum ad valorem;* wood flour, and manufactures of wood or bark, or of which wood or bark is the component material of chief value, not specially provided for, 33½ per centum ad valorem.

