
IMPORTATION OF TOURIST LITERATURE, WORKS OF ART BOOK BINDINGS AND WOOD MOLDINGS

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

R E P O R T

[To accompany H.R. 2411]

The Committee on Finance, to whom was referred the bill (H.R. 2411) to amend paragraph 1629 of the Tariff Act of 1930 so as to provide for the free importation of tourist literature, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

PURPOSE

The purpose of H.R. 2411 is to amend paragraph 1629 of the Tariff Act of 1930, by adding at the end thereof a new subparagraph providing for the free importation of tourist literature issued by certain groups or organizations and which relate chiefly to travel facilities outside the United States.

PURPOSE OF THE AMENDMENTS

The bill was amended to provide for the free importation under the appropriate tariff paragraphs, of models of inventions, original paintings or other works of the free fine arts such as sculptures, etchings and engravings; collections of works of art in illustration of the progress of the arts and sciences imported in good faith for exhibition purposes by States, societies, or institutions, under such regulations as the Secretary of the Treasury may prescribe; works of art and certain antiquities produced prior to the year 1830; ethnographic objects made at least 50 years prior to entry; and handwoven tapestries fit only for use as wall hangings and valued at \$20 or more per square foot.

The bill was further amended to provide for the temporary free entry of certain book bindings imported for the covering of books. This suspension, similar to the one adopted for the years 1954-56 and 1956-58, is for the temporary period of 2 years following the date of enactment.

A further amendment provides for the same rate of duty on all wood molding as presently applies to "wood moldings and carvings to be used for architectural and furniture decoration." Under the present classification different tariff rates are applied to some different types of molding.

GENERAL STATEMENT

Tourist literature

The basic statutory language in the tariff schedules of the Tariff Act of 1930 does not specifically mention tourist literature. In the schedules of that act tourist literature is included in tariff provisions of several paragraphs, mainly in paragraph 1410. As a result of trade agreement concessions certain classes of tourist literature have been carved out of the broader classifications and made dutiable at reduced rates of duty. Most of the tourist literature covered by H.R. 2411 is now dutiable at the rate of 3¼ percent ad valorem, if of bona fide foreign authorship, and at the rate of 6¼ percent if not of such authorship. Other tourist literature is dutiable according to the specific provisions of other paragraphs, of the tariff act.

Paragraph 1629 provides for the free entry of "public documents issued by foreign governments" and this provision has been held to include tourist literature issued wholly by or at the instance and expense of a foreign government or subdivision thereof. H.R. 2411 would greatly simplify the tariff treatment and extend the application of the duty-free treatment to a broader class of tourist literature. The revenue loss would be very small, although accurate statistics are not available because of the various other items included in the present classifications.

If adopted the bill would not affect or in any way alter existing controls on the importation of subversive or propaganda material. Section 305 of the Tariff Act of 1930 prohibits the importation of—

* * * any book, pamphlet, paper, writing, advertisement, circular, print, picture, or drawing containing any matter advocating or urging treason or insurrection against the United States, or forcible resistance to any law of the United States.

Control over the importation of political propaganda is exercised by the Treasury and Post Office Departments under the provisions of the Foreign Agents Registration Act of 1938, as amended.

Favorable reports on this legislation were made by the Departments of State and Treasury, and no objections from any source have been made known.

Works of art

The items affected by this amendment are presently dutiable at various rates of duty under a number of paragraphs. They would be free of duty under paragraphs 1720, 1807, 1809, 1811, and 1812 of the tariff act if the amendment is made law. All of these free-list paragraphs are characterized as provisions for the encouragement in the United States of the industrial and the free fine arts.

Paragraph 1720 now provides for the duty-free entry of "models of inventions and of other improvements in the arts, to be used exclusively as models and incapable of any other use." Section 1 of the amendment would add a provision permitting duty-free treatment of such models "if used in educational and cultural exhibitions." This amendment would permit museums, architectural schools, and other institutions to import models duty free for exhibition, including display in commercial galleries. This may include such items as models of steamships, railroad engines, and similar items now dutiable under judicial decisions which interpreted the present language of paragraph 1720.

Paragraph 1807 permits the free entry of such things as original paintings in oil, sketches, etchings, engravings, and woodcuts and original sculptures or statuary provided they meet the special definitions or requirements set forth in the present language. The amendment would extend the scope of paragraph 1807 to include original works of art in any other media, including applied paper and other materials, manufactured or otherwise, such as are used on colleges and similar productions. Under the present provisions of the tariff act, the works of art which are duty-free are limited to those made with the traditional materials named. It seems that now there are many works of recognized artists produced with paper, cloth, and other materials pasted, glued, sewn, or otherwise fastened together. These have been excluded from free entry as works of art because of their component materials and are dutiable according to the material of chief value.

The amendment would add to the free items in this paragraph "artists' proof etchings unbound, and engravings and woodcuts unbound, lithographs or prints made by other hand transfer processes unbound, original sculptures." The terms "sculpture" and "statuary" are to include professional productions of sculptors only, whether in round or in relief, in bronze, marble, stone, terra cotta, ivory, wood, metal, or other materials. The term "original" is used to modify the words "sculptures" and "statuary" to include only the original work or model and not more than 10 castings, replicas, or reproductions made from the original.

The terms "painting," "mosaic," "work of the free fine arts" and similar references shall not be understood to include any articles of utility or for industrial use, nor such as are made by any mechanical process. The Secretary of the Treasury shall prescribe the kind of proof needed in these cases.

Paragraph 1809 of the tariff act now covers a wide range of works of art, antiquities, and collections. A bond is required to assure proper use of the imported articles entered under this provision. The amendment would do away with the requirement that the exhibition of these articles be at a fixed place and merely require that it be within the territorial limits of the United States. It would also permit the collector of customs to waive the requirement of surety on the bonds.

The amendment would permit temporary transfers of items for exhibit for educational, scientific, agricultural, or cultural purposes, but not for sale. No new entry would be required for such transfers.

Paragraph 1811 deals with antiques and would be amended to provide for the free entry of ethnographic objects made in traditional aboriginal styles and made at least 50 years prior to their date of

entry, under such regulations as to proof of antiquity as the Secretary of the Treasury shall provide. Such items as violins of all sizes made in the year 1800 or prior years and certain other works of art made prior to the year 1830 are already provided free entry under paragraph 1811.

Paragraph 1812 of the tariff act now provides for the free entry of "Gobelin tapestries used as wall hangings." The amendment would expand this free entry to include "Gobelin and other hand woven tapestries fit only for use as wall hangings, and valued at not less than \$20 per square foot."

Book bindings

This amendment would provide for the temporary free entry of book bindings when imported by societies, institutions, or organizations now permitted to import books free of duty for the encouragement of the fine arts, for educational purposes and for similar purposes.

Practically all books imported into the United States are bound or covered prior to shipment, and in such cases the bindings or covers are a part of the book and take the same tariff treatment. In some cases, however, books imported from certain oriental countries for use in university and other libraries, come in with only a thin paper binding or cover and are intended to be bound or covered with special covers made for that purpose. When imported separately, the covers are dutiable even though the books which they are to cover were entitled to free entry by the university or institution importing them.

Most of the imports consist of decorated textile material over a cardboard backing and fastened with special bone clips. In order to maintain the true atmosphere of the oriental sections of these libraries the book covers are brought in and attached to the books as originally planned.

These book covers, known as chitsus were granted free entry by legislative action in 1954-56 and 1956-58. A bill for the continuation of this free entry was introduced too late for action in the 1958 session.

There has been no opposition to this amendment and the Government departments have no objection.

Wood molding

This amendment would give the same tariff treatment to all wood molding as is now accorded wood moldings to be used in architectural and furniture decoration. The latter type is now specifically provided for in paragraph 412 of the tariff act and was originally dutiable at 40 percent ad valorem, but pursuant to concessions in the General Agreement on Tariffs and Trade (GATT) a reduced rate of 17 percent applies to such moldings. Except for these types, moldings of wood are not specifically provided for. While some may be classified as manufactures of wood not specially provided for at 16 percent under paragraph 412, the bulk of the imports are classified as common lumber at the rates of duty or import tax (ranging from \$0.25 to \$1.50 per thousand board feet) provided for the respective species of lumber under paragraph 401 of the tariff act or section 4551 of the Internal Revenue Code of 1954.

Most moldings are used for trim and finish in houses and other structures and consist of strips of wood that have been worked or

molded to different patterns. In this use they are made decorative to a greater or lesser extent and serve no utilitarian purpose such as giving strength to the building, but are purely for trim or decoration. Identically designed molding, made on the same machine and for the same use may receive very different tariff treatment if one is a single piece and the other a combination of two or more pieces fastened together by a process known as jointing and glueing. Once joined together there is no practical difference between the "joined" and "solid piece" molding.

The Treasury Department has only recently made the decision classifying jointed or glued-up molding as manufactures of wood not specially provided for at a tariff rate of 16½ percent. This decision was based on considerations other than the design or utility of the particular piece in question. An identical piece not jointed or glued, but having the same design and utility may be classified as common lumber at a rate of duty so low as to be inconsequential, often at one-half of 1 percent.

According to the information provided by the Department of the Treasury, the original departmental ruling that wood molding should be classified as lumber was based on a ruling in 1915 by the Board of General Appraisers (later the U.S. Customs Court). In the consideration of the Tariff Act of 1930, the Congress by new legislation canceled prior court decisions and departmental rulings that may have been in conflict and established a category for "wood moldings and carvings used in architectural and furniture decoration." It is this language which apparently made it necessary for the Treasury Department to publish its recent interpretations of what was originally intended by Congress. This ruling was that wood molding shall be classed as lumber unless it has been "jointed"; as a manufacture of wood not specially provided for if it has been "jointed" or glued; and as "wood moldings and carvings used in architectural and furniture decoration" if it passes some unannounced test as to whether it has been sufficiently embellished as to make it more "decorative" than ordinary molding.

It is this indefiniteness and uncertainty that this clarifying amendment is intended to correct. It would provide a single classification and a single rate of duty for all types of molding without regard for the degree of "decoration" and whether or not composed of two or more pieces glued together to make a longer strip.

During the hearings on this amendment the Treasury Department suggested that the domestic producers who might consider themselves injured by increased imports of molding under the classification of ordinary lumber, should invoke the escape clause. A remedy sought through the tedious escape clause route would in no way clarify the classification of the commodity and even should such action be followed successfully the greater problem would still exist. The purpose of the amendment is to correct the language and clarify the import status of future shipments.

The Departments of State and Treasury reported unfavorably on the amendment, stating that it would mean a substantial increase in duty on some types of molding and that it would affect certain of our trade agreements even though time is provided in the amendment for the adjusting of the trade agreements.

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):

TARIFF ACT OF 1930

TITLE I—DUTIABLE LIST

SECTION 1. That on and after the day following the passage of this Act, except as otherwise specially provided for in this Act, there shall be levied, collected, and paid upon all articles when imported from any foreign country into the United States or into any of its possessions (except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam) the rates of duty which are prescribed by the schedules and paragraphs of the dutiable list of this title, namely:

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PAR. 412. * * * *All moldings, wholly or in chief value of wood, including finger-jointed, Linderman-jointed, and other glued-up moldings, shall be dutiable at the rate (however established) applicable to wood moldings to be used in architectural and furniture decoration.*

TITLE II—FREE LIST

SECTION 201. That on and after the day following the passage of this Act, except as otherwise specially provided for in this Act, the articles mentioned in the following paragraphs, when imported into the United States or into any of its possessions (except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam), shall be exempt from duty:

* * * * *

PAR. 1629. (a) Hydrographic charts and publications issued for their subscribers or exchanges by scientific or literary associations or academies, and publications of individuals for gratuitous private circulation, not advertising matter, and public documents issued by foreign Governments; books, maps, music, engravings, photographs, etchings, lithographic prints, bound or unbound, and charts, which have been printed more than twenty years at the time of importation: *Provided*, That where any such books have been rebound wholly or in part in leather within such period, the binding so placed upon such books shall be dutiable as provided in paragraph 1410.

(b) X-ray film, exposed, whether or not developed.

(c) Any catalog, price list, or trade notice relating to offers, by a person whose principal place of business or bona fide residence is in a foreign country, to sell or rent products of a foreign country or to furnish foreign or international transportation or commercial insurance services.

(d) *Tourist literature containing historical, geographic, timetable, travel, hotel, or similar information, chiefly with respect to places or*

travel facilities outside the continental United States, issued by foreign governments or departments, agencies, or political subdivisions thereof, boards of trade, chambers of commerce, automobile associations, or similar organizations or associations.

PAR. 1631. (a) Any society or institution incorporated or established solely for religious, philosophical, educational, scientific, or literary purposes, or for the encouragement of the fine arts, or any college, academy, school, or seminary of learning in the United States, or any State or public library, may import free of duty any book, *book binding or cover*, map, music, sound recordings, slides and transparencies, engraving, photograph, etching, lithographic print, or chart, for its own use or for the encouragement of the fine arts, and not for sale, under such rules and regulations as the Secretary of the Treasury may prescribe.

PAR. 1720. Models of inventions and of other improvements in the arts, to be used exclusively as [models and incapable of any other use] *models, or exclusively as exhibits in exhibitions at any college, academy, school, or seminary of learning, any society or institution established for the encouragement of the arts, science, or education, or any association of such organizations.*

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PAR. 1807. (a) Original paintings in oil, mineral, water, *vitreous enamel*, or other colors, pastels, *original mosaics*, original drawings and sketches in pen, ink, pencil, or watercolors, *or works of the free fine arts in any other media including applied paper and other materials, manufactured or otherwise, such as are used on collages, artists' proof etchings unbound, and engravings and woodcuts unbound, lithographs or prints made by other hand transfer processes unbound, original sculptures or statuary* [including not more than two replicas or reproductions of the same]; but the terms "sculpture" and "statuary" as used in this paragraph shall be understood to include professional productions of sculptors only, whether in round or in relief, in bronze, marble, stone, terra cotta, ivory, wood, [or] metal, *or other materials*, or whether cut, carved, or otherwise wrought by hand from the solid block or mass of marble, stone, [or] alabaster, or from metal, *or other material*, or cast in bronze or other metal or substance, or from wax or plaster, *or constructed from any material or made in and form as the professional productions of sculptors only* [; and the words], *and the term "original", as used in this paragraph to modify the words "sculptures" and "statuary", shall be understood to include the original work or model and not more than ten castings, replicas, or reproductions made from the sculptor's original work or model, with or without a change in scale and regardless of whether or not the sculptor is alive at the time the castings, replicas, or reproductions are completed. The terms "painting", "mosaic", "drawing", "work of the free fine arts", "sketch", "sculpture", and "statuary", as used in this paragraph, shall not be understood to include any articles of utility or for industrial use, nor such as are made wholly or in part by stenciling or any other mechanical process; and the [words] terms "etchings", "engravings", and "woodcuts", "lithographs", or "prints made by other hand transfer processes", as used in this paragraph, shall be understood to include only such as are printed by hand from plates, stones, or blocks etched, drawn, or engraved with hand tools and not such as are printed from*

plates, stones, or blocks etched, drawn, or engraved by photochemical or other mechanical processes.

(b) *Original works of the free fine arts, not provided for in subparagraph (a), subject to such regulations as the Secretary of the Treasury may prescribe as to proof that the article imported represents some school, kind, or medium of the free fine arts. The term "original works of the free fine arts" as used herein shall not be understood to include any article of utility or for industrial use.*

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PAR. 1809. (a) Works of art, collections in illustration of the progress of the arts, sciences, agriculture, or manufactures, photographs, works in terra cotta, parian, pottery, or porcelain, antiquities and artistic copies thereof in metal or other material, imported in good faith for exhibition [at a fixed place] purposes within the territorial limits of the United States by any State or by any society or institution established for the encouragement of the arts, science, agriculture, or education, or for a municipal corporation, and all like articles imported in good faith by any society or association, or for a municipal corporation, for the purpose of erecting a public monument, and not intended for sale nor for any other purpose than herein expressed; but bond shall be given, under such rules and regulations as the Secretary of the Treasury may prescribe, for the payment of lawful duties which may accrue should any of the articles aforesaid be sold, transferred, or used contrary to this [provision] paragraph within five years after the date of entry hereunder and such articles shall be subject at any time within such five-year period to examination and inspection by the proper officers of the customs: *Provided*, That the privileges of this [paragraph] subparagraph (a) shall not be allowed to associations or corporations engaged in or connected with business of a private or commercial character.

(b) *In connection with the entry of works of art and other articles claimed to be free of duty under this paragraph, surety on bonds may be waived in the discretion of the Secretary of the Treasury.*

(c) *Articles entered under this paragraph may be transferred, subject to such regulations as the Secretary of the Treasury may prescribe, from an organization specified in subparagraph (a) to another such organization or temporarily to a commercial gallery or other premises for exhibition and not for sale.*

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PAR. 1811. (a) Works of art (except rugs and carpets made after the year 1700), collections in illustration of the progress of the arts, works in bronze, marble, terra cotta, parian, pottery, or porcelain, artistic antiquities, and objects of art of ornamental character or educational value which shall have been produced prior to the year 1830, [but the free importation of such objects shall be] subject to such regulations as to proof of antiquity as the Secretary of the Treasury may prescribe. [Violins, violas, violoncellos, and double basses, of all sizes, made in the year 1800 or prior year.] *Picture frames classifiable under this subparagraph may be entered at any port of entry.*

(b) *Violins, violas, violoncellos, and double basses, of all sizes, made in the year 1800 or prior year.*

(c) *Ethnographic objects made in traditional aboriginal styles and made at least fifty years prior to their date of entry, subject to such regulations as to proof of antiquity as the Secretary of the Treasury shall prescribe.*

PAR. 1812. *Gobelin and other hand-woven tapestries [used] fit only for use as wall hangings, and valued at not less than \$20 per square foot.*

