

# Calendar No. 1027

88TH CONGRESS }  
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SENATE }

REPORT  
No. 1084

## INSTANT COFFEE

JUNE 16 (legislative day, MARCH 30), 1964.—Ordered to be printed

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

### R E P O R T

[To accompany H.R. 4198]

The Committee on Finance, to whom was referred the bill (H.R. 4198) to amend the Tariff Act of 1930 to provide for the free importation of soluble and instant coffee, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### SUMMARY OF BILL

This bill would provide for the free importation of soluble or instant coffee (containing no admixture of sugar, cereal, or other additive).

#### GENERAL STATEMENT

"Soluble" coffee and "instant" coffee are synonymous terms and will hereinafter be referred to as soluble coffee. The soluble coffee (containing no admixture of sugar, cereal, or other additive) to which this bill applies is the "dried water-soluble solids derived from roasted coffee."

The U.S. annual production of soluble coffee for the years 1954 through 1962 is estimated by the U.S. Tariff Commission in the following tabulation of production:

Year:	Quantity (thousand pounds)
1954 .....	77, 552
1955 .....	37, 703
1956 .....	122, 223
1957 .....	130, 462
1958 .....	135, 942
1959 .....	141, 498
1960 .....	151, 135
1961 .....	151, 551
1962 .....	155, 065

The above figures show that U.S. production of soluble coffee has increased by approximately 100 percent over this 9-year period.

Substantial quantities of soluble coffee were first imported into the United States in 1956 when 1,518,656 pounds entered. Imports have increased in subsequent years. The increases in imports since 1956 have generally paralleled the increase in domestic production.

The principal countries from which the United States imports soluble coffee are El Salvador, Mexico, Guatemala, and Nicaragua. In 1961 Nicaragua first entered the U.S. market and supplied more than one-third of the imports for that year. In 1962 it supplied more than one-half of the soluble coffee imported into the United States.

U.S. soluble coffee exports increased from 4.5 million pounds in 1958 to 13 million pounds in 1962. The table below compares exports and imports and illustrates that the United States has been a net exporter of soluble coffee throughout the period covered, 1956 through 1962.

*Soluble coffee: Comparison of U.S. exports of domestic merchandise and U.S. imports for consumption, 1956-62*

[In pounds]

Year	Exports	Imports	Net exports
1956.....	3,066,586	1,518,656	1,547,930
1957.....	4,799,874	3,335,302	1,464,572
1958.....	4,479,323	3,755,030	724,293
1959.....	6,337,127	4,698,443	1,638,684
1960.....	6,798,057	4,694,816	2,103,241
1961 <sup>1</sup> .....	9,542,225	3,506,452	6,035,773
1962 <sup>1</sup> .....	12,970,879	4,125,954	8,844,925

<sup>1</sup> Preliminary.

Source: Compiled from official statistics of the U.S. Department of Commerce.

In view of the expanding market in this country and the rapidly increasing level of U.S. exports of soluble coffee, your committee believes that the current rate of duty on this commodity, 3 cents per pound, is presently of little economic significance.

#### DEPARTMENTAL REPORT

While this legislation will have very slight economic significance as far as the domestic soluble coffee industry is concerned, it should benefit the United States internationally, as indicated by the following report received by the committee from the Department of State:

DEPARTMENT OF STATE,  
Washington, June 12, 1964.

DEAR MR. CHAIRMAN: In your letter of June 1, acknowledged on June 2, you asked for the Department's report on H.R. 4198, a bill to amend the Tariff Act of 1930 to provide for the free importation of soluble and instant coffee.

The Department strongly urges the enactment of H.R. 4198.

The bill would remove a duty of 3 cents a pound which is now imposed on imports of soluble or instant coffee. This duty is not significant enough to materially affect trade in instant and soluble coffee. A duty of three cents a pound on coffee whose import value is in excess of \$1 a pound is of little competitive significance. Moreover, imports represent less than 3 percent of domestic consumption. The United

States is a growing net exporter of soluble coffee; net exports more than quadrupled from 1960 to 1962. Because of the expanding market in this country and the rapidly increasing level of U.S. exports of soluble coffee, the domestic industry does not fear foreign competition in this field.

Despite the slight economic significance of this bill, the proposed legislation would benefit the United States politically in the coffee-producing countries. The soluble coffee producers in Latin America, in particular, have protested this duty for many years. The removal of this duty would resolve a long-standing problem in our relations with them. In addition, it would demonstrate to all coffee-producing countries in Africa and Asia, as well as in Latin America, that the United States is willing to lower the barriers to consumption of coffee. The statute would show the United States good faith in urging European countries to eliminate duties, taxes, and other restrictions on the importation of tropical products, including coffee.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

Sincerely yours,

FREDERICK G. DUTTON,  
*Assistant Secretary.*

Section 2 of the bill provides that the amendments made by the first section of the bill are to be effective with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment. It also provides, however, that upon request, entries and withdrawals of soluble coffee, as defined herein, made at any time prior to the date of enactment which have not been liquidated or the liquidation of which has not become final on the date of enactment shall be liquidated or reliquidated as though such entries and withdrawals had been made after the effective date of this legislation. Such requests must be filed with the collector of customs concerned on or before the 120th day after the date of enactment.

## 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 italic; existing law in which no change is proposed is shown in roman):

**TITLE I OF THE TARIFF ACT OF 1930**  
**TARIFF SCHEDULES OF THE UNITED STATES**  
**SCHEDULE 1. ANIMAL AND VEGETABLE PRODUCTS**  
**PART 11. Coffee, Tea, Maté, and Spices**

Item	Articles	Rates of duty	
		1	2
<b>PART II.—COFFEE, TEA, MATÉ, AND SPICES</b>			
<b>SUBPART A—COFFEE AND COFFEE SUBSTITUTES, TEA, MATÉ</b>			
<b>Subpart A headnotes:</b>			
1. The rates of duty specified in Items 160.10, 160.20, [and 160.21,] <i>160.21, and 160.22</i> , shall not apply to any product imported into Puerto Rico upon which a duty is imposed under the authority of section 319 of this Act.			
2. All immediate containers in wrappings, and all intermediate containers, of tea (Item 160.60) in packages of less than 5 pounds, not, each are dutiable at the rates applicable to such containers and wrappings if imported empty.			
3. Pursuant to 21 U.S.C. 41 the importation of impure tea is prohibited, except as provided for in part 50 of schedule 8.			
160.10	Coffee, crude, roasted, or ground, whether or not the caffeine has been removed.....	Free	Free
[ 160.20	Coffee extracts, essences, and concentrates (including soluble or instant coffee).....	3¢ per lb.	3¢ per lb. ]
160.20	If products of Cuba.....	2.4¢ per lb.(s)	
	<i>Coffee extracts, essences, and concentrates (including soluble or instant coffee):</i>		
160.20	<i>Soluble or instant coffee (containing no admixture of sugar, cereal, or other additive).....</i>	Free	Free
160.21	<i>Other.....</i>	3¢ per lb.	3¢ per lb.
160.22	<i>If products of Cuba.....</i>	2.4¢ per lb.(s)	