

TARIFF TREATMENT OF COPRA, PALM NUTS, AND PALM-NUT KERNELS, AND THE OILS CRUSHED THEREFROM

FEBRUARY 25, 1966.—Ordered to be printed

Mr. LONG of Louisiana, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H.R. 6568]

The Committee on Finance, to which was referred the bill (H.R. 6568) to amend the Tariff Act of 1930 to make permanent the existing temporary suspension of duty on copra, palm nuts, and palm-nut kernels, and the oils crushed therefrom, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE OF BILL AS AMENDED

This bill would make permanent the duty-free treatment or lower rates of duty temporarily applicable to copra, palm nuts, and palm-nut kernels, their oils, and specified fatty acids, salts, and other chemical products derived from the oils. The temporary duty-free treatment or lower rates applicable to these products (presently scheduled to expire June 30, 1966) reflect the suspension of the 3-cent-per-pound processing tax formerly applicable to such commodities under section 4511 of the Internal Revenue Code. This tax was converted to an import duty in 1963, but its suspension, first provided in 1957, was continued.

In addition to repealing the duty equivalent of the former 3-cent-per-pound processing tax, H.R. 6568 would also provide relief with respect to certain coconut oil imported on or before June 11, 1965. This oil was released from customs custody as being within the duty-free quota provided for pursuant to the Philippine trade agreement. By increasing the quota for 1965, the House bill would have assured relief from the 1-cent-per-pound duty with respect to this oil. The Finance Committee bill similarly insures that this oil will not be considered overquota.

PROVISIONS OF HOUSE BILL DELETED

Except to the limited extent described in the preceding paragraph, the Committee on Finance deleted those provisions of the House bill which would have—

(a) Increased the 1965 duty-free quota for Philippine coconut oil from 120,000 tons to 160,000 tons, and

(b) Permitted a similar increase in the quota for 1966 and 1967 if the President determined that for these 2 years the Philippines had waived its right to preferential treatment on Philippine copra as provided for under the Philippine trade agreement. In such an event copra from all non-Communist countries (presently dutiable at 1.25 cents per pound) could have entered the United States free of duty during 1966 and 1967.

GENERAL STATEMENT

History of processing taxes and duties

The Revenue Act of 1934 imposed a tax of 3 cents per pound on the first domestic processing of coconut oil and combinations or mixtures containing a substantial quantity of coconut oil, if the product of or produced from materials the product of the Philippines or any U.S. possession; otherwise, the tax was 5 cents per pound. A tax of 3 cents per pound was also imposed on the first domestic processing of palm-kernel oil and palm oil (except palm oil used in the manufacture of iron or steel products, tinplate or terne plate, or any subsequent use of palm oil residue resulting from the manufacture of iron or steel products, tinplate or terne plate), and on derivatives (fatty acids, salts, etc.) of palm oil and palm-kernel oil. The Philippine Trade Act of 1946 provided that the 3-cent-per-pound rate, rather than the 5-cent-per-pound rate, was to apply to non-Philippine coconut oil during any period as to which the President finds that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States.

The processing tax provisions were carried over into the Internal Revenue Code of 1954 as section 4511.

In the 1955 revised trade agreement with the Philippines, the United States undertook an obligation to maintain the 2-cent-per-pound preferential duty differential in the "internal" (processing) tax between Philippine coconut oil and non-Philippine oil. The proportionate differential on copra is 1.25 cents per pound.

Aside from the processing taxes, which were technically "internal" taxes, paragraph 54 of the original tariff schedules of the Tariff Act of 1930 imposed a duty of 2 cents per pound on coconut oil and a duty of 1 cent per pound on palm-kernel oil fit for human consumption. No duty was imposed on copra or on palm oil. Pursuant to the General Agreement on Tariffs and Trade, effective January 1, 1948, the 2-cent-per-pound tariff on coconut oil was reduced to 1 cent and the 1-cent-per-pound duty on palm-kernel oil was reduced to 0.5 cent.

Because the processing taxes above referred to operated economically as import duties (none of the raw materials, i.e., copra, palm nuts, or palm kernels, are produced in the United States), they were assimilated into the TSUS and consolidated with regular duties, where applicable. IRC section 4511 was repealed. However, though

for all other purposes the processing taxes were converted into regular import duties, the U.S. obligation to the Philippines to maintain a 2-cent preferential differential in the "internal" tax on these products necessitated the continued treatment of those portions of the duties that were derived from the processing taxes as "internal taxes" for the purposes of the Philippine trade agreement (TSUS schedule 1, pt. 14, headnote 3).

The processing taxes were imposed in 1934 principally to protect domestically produced vegetable oils in their use in the production of edible products such as margarine. Because the major use in the United States of coconut oil (the principal oil involved) shifted to the indelible industrial sector (soaps, detergents, etc.) and because of the consequent decline in competition between coconut oil and domestic vegetable oils, the 3-cent-per-pound processing tax on coconut oil and its derivatives was suspended in 1957 until July 1, 1960 (Public Law 85-235, sec. 3). That legislation was followed by the suspension in 1959, also until July 1, 1960, of the processing taxes on palm oil and palm-kernel oil and their derivatives (Public Law 86-37). The suspension of all these taxes was continued until July 1, 1963 (Public Law 86-432), and further continued until July 1, 1966 (Public Law 87-859). The current suspension of the taxes is reflected in part 1 of the appendix to the TSUS (items 903.30-903.32, relating to copra; item 903.40, relating to palm-nut kernels and palm nuts; items 903.43-903.49, relating to coconut oil; items 903.60-903.61, relating to palm-kernel oil; item 903.65, relating to palm oil; and items 907.70-907.75, item 907.77, and items 907.85-907.88, relating to various derivatives of coconut, palm-kernel, or palm oil).

The regular duty on coconut oil (1 cent per pound since 1948) has remained in effect throughout the period of the suspension of the processing taxes, except with respect to imports of Philippine coconut oil within specified quotas. Under the 1955 revision of the trade agreement with the Philippines, Philippine coconut oil has been subject to progressively declining duty-free quotas, overquota imports being subject to the 1-cent-per-pound duty. The basic quota was 200,000 long tons, which by 1962 had declined to 160,000 long tons. Until 1962 the 1-cent-per-pound duty on overquota imports was inoperative because the quotas on Philippine coconut oil exceeded the imports in each quota year. A sharp rise in U.S. consumption in 1963 caused the quota (160,000 long tons) to be filled by November 1, 1963. The 1964 quota (same quantity as 1963) was filled by August of that year. For the years 1965 through 1967 the quota is reduced to 120,000 long tons per annum. The 1965 quota was filled in May. In 1968 the duty-free quota will decline to 80,000 long tons and will remain at that quantity through 1970; for the years 1971-73 the annual quota will be 40,000 long tons; and on January 1, 1974, all preferential tariff treatment of Philippine coconut oil is scheduled to terminate. Thereafter coconut oil from any non-Communist source may be imported on a nondiscriminatory basis upon payment of the 1-cent-per-pound duty.

Background of bill

Coconut oil, palm oil, and palm-kernel oil is produced from copra, palm nuts, and palm-nut kernels, respectively. There is no domestic production of the materials from which the oil is produced. The entire domestic supply of palm and palm-kernel oil is obtained from

imports. The U.S. supply of coconut oil comes almost in equal shares from imported coconut oil or from oil crushed in the United States from imported copra. Virtually all of the imports (whether copra or oil) come from the Philippines. The virtual Philippine monopoly of the U.S. market for coconut oil and copra is attributed to the 2-cent-per-pound preferential duty differential between Philippine and non-Philippine coconut oil and the proportionate differential for copra of 1.25 cents per pound.

While there has been unanimous agreement among domestic consumers of coconut oil on the one hand and U.S. copra crushers on the other hand as to the desirability of repealing the duty equivalent of the original 3-cent-per-pound tax, there has been no similar consensus as to the merits of any other change in the tariff treatment of this oil or of the copra from which it is crushed.

The House bill attempted to resolve the differences between these two important segments of our economy. By providing an increased duty-free quota for Philippine coconut oil for 1965, and by providing for contingent increases in 1966 and 1967, the House bill accepted the argument that the 1-cent-per-pound tariff might cause a shift in the United States to synthetic oils for industrial purposes which could lead in time to increased shipments of Philippine coconut oil to Europe where it would compete directly with U.S.-produced soybean (and other) oil in the edible oil markets.

On the other hand, by linking the increased quota to suspension of the Philippine duty preference on copra (1.25 cents per pound) the House bill tried to provide a benefit for domestic crushers who seek additional sources of supply for their raw product, copra. Because of their preference under the trade agreement the Philippines is virtually our sole supplying country.

But these provisions were considered to be of little benefit by domestic copra crushers. The committee was advised that at least 7 years are needed to bring new coconut palms to producing age and the 2-year period provided by the House bill would be inadequate to enable them to develop new sources of supply for copra. Moreover, the House provisions, in effect, would have extended tariff concessions (in the form of higher duty-free quotas) to the Philippines without our receiving any comparable concession in return.

Domestic consumers similarly found little assurance in the contingent features of the House bill. The increased quota for 1966 and 1967 would have depended upon action of a foreign government which was at best uncertain, and which it might have found to be contrary to its own best long-term interests.

The committee was also advised that enlarging the duty-free quota for the Philippines would be inconsistent with the policy of the United States of stimulating world trade on a nondiscriminatory basis. The Office of the Special Representative for Trade Negotiations reported:

This Government has consistently supported nondiscrimination in international trade and the progressive dismantling of residual discriminatory measures. Accordingly, the trade agreement between the United States and the Republic of the Philippines provides for the progressive reduction and eventual elimination of the duty-free quota

on imports of Philippine coconut oil, as well as of the preferential tariff rates on imports of all Philippine products.

The provision of H.R. 6568 for a 3-year expansion of the duty-free quota on imports of Philippine coconut oil would not only halt but would reverse this movement toward the elimination of discrimination and would expand the trade coverage subject to preferential tariff treatment. In addition, it could precipitate pressure for a further extension of broadening of the preferential treatment for Philippine coconut oil subsequent to 1967, when under the provisions of the trade agreement the duty-free quota for Philippine coconut oil would drop sharply from 160,000 to 80,000 tons.

The Commerce Department reported similar views to the committee, and it understands they are shared also by the Department of Agriculture.

For these reasons, the committee concluded that in the interest of assuring enactment of legislation to repeal that portion of the tariff attributable to the 3-cent-per-pound processing tax, it would be advisable to limit the House bill to that objective. Accordingly, the committee bill deletes those features of the House bill which would have (1) increased the duty-free quota for 1965 and (2) provide for increased duty-free quotas for 1966 and 1967 along with suspension for those years of the 1.25-cent-per-pound preferential tariff on non-Philippine copra.

1965 quota

As already indicated, under the Philippine trade agreement, provision is made for duty-free entry for a progressively diminishing quantity of Philippine coconut oil. In 1963 and 1964 the duty-free quota amounted to 160,000 tons. Under present law for 1965 through 1967, the duty-free quota is 120,000 tons. Importers were advised that the quota for 1965 would be filled on or about June 11, and ports of entry were notified not to release Philippine coconut oil duty free after that date. Subsequently, in the fall, it was found that the 1965 quota actually had been filled on May 17, 1965. The Commissioner of Customs advised the committee by letter dated January 28, 1966, that—

Between May 17 and June 11, there was a total of 28,308,955 pounds of coconut oil that had been released duty free on which duty at the rate of 1 cent per pound would have to be collected for a total of \$283,089.55. This involves shipments covered by 13 separate entries filed at various ports of entry and covering shipments consigned to 7 importing firms, which are subject to the payment of duty averaging from a low of \$6,550.90 to a high of \$141,574.12.

In view of the financial burden that would be placed on these individual importers through no fault of their own, and in view of the pending legislation, H.R. 6568, the collection of these duties has been deferred administratively until June 30, 1966.

The House of Representatives, without knowing of this quota problem, and for completely different reasons, would have provided an increased quota for 1965 sufficiently large to assure that oil imported in this period would be within-quota oil.

Generally, an importer of articles subject to a quota acts at his peril when he clears the article through customs. If it is an absolute quota the article may not be imported under any circumstances if the quota is filled. On the other hand, if a tariff quota is involved, higher duties may apply if the imported article should come in after the quota is filled.

The committee recognizes that no one can unfailingly foretell the day or the hour upon which a quantitative quota will fill. That event depends upon the individual actions of numerous independent importers at many ports of entry. While the committee feels that importers should act at their risk when operating against a quota, it also feels that the unusual circumstances involved in this coconut oil situation during the limited period referred to warrant relief.

Accordingly, the committee bill contains provisions which would increase the quota for 1965 by 28,308,955 pounds. In addition, the committee expects that the Bureau of Customs will continue to advise all inquirers of the status of a quota, based upon the latest available data. It also admonishes the Bureau to continue to point out that it is not possible to predict accurately when a quota will fill and there can be no guarantee that any future entry will come under the quota. Importers should be strongly cautioned that when they import against a quota they do so at their peril.

DEPARTMENTAL REPORT

The following report received from the Commerce Department indicates the need for the bill as amended by the committee:

GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE,
Washington, D.C., February 21, 1966.

HON. RUSSELL B. LONG,
*Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department on H.R. 6568, an act to amend the Tariff Act of 1930 to make permanent the existing temporary suspension of duty on copra, palm nuts, and palm-nut kernels, and the oils crushed therefrom, and for other purposes.

Under current provisions a portion of the duty on copra, palm nuts, palm kernels, and their products consists of 3 cents per pound of oil content. In the case of copra, it amounts to 1.87 cents per pound. This portion of the duty which replaced the oil processing tax has been suspended until June 30, 1966. Coconut oil from the Philippines is currently dutiable at 1 cent per pound only when entered in excess of the annual quota.

Section 1 of H.R. 6568 would eliminate this 3-cent "processing tax component" of the duty. Section 2 would increase the duty-free quota for Philippine coconut oil in 1965, 1966, and 1967. It would also suspend through 1967 the balance of the duty on copra (other than the 1.87 cents) thereby providing duty-free entry for copra from all sources through 1967. However, the increase in the Philippine oil quota for 1966 and 1967 and the suspension of duty on copra from all sources would be contingent on a Philippine waiver of the U.S.

obligation under a Philippine-United States trade agreement to maintain duty on copra from other countries at 1.25 cents per pound.

The Department favors the elimination of duty on these products to the benefit of U.S. industrial consumers but is opposed to those portions of the act which could damage our commercial interests or adversely affect our domestic crushing industry which processes copra into coconut oil. Section 1 of H.R. 6568 by eliminating the "oil processing tax component" of the duty does not discriminate against domestic crushers because they would enjoy a proportionate duty reduction of 1.87 cents per pound of copra. If this portion of the duty were reimposed after June 30, 1966, it would likely result in American consumers shifting to synthetic oil substitutes to the detriment of domestic crushers. Philippine coconut oil would then be diverted to the European market where it would compete with U.S. exports of soybean and cottonseed oil products. For these reasons the Department urges prompt repeal of the 3-cent "oil processing tax component" of the duty as provided under section 1 of the act.

However, the Department opposes the increase in the duty-free quota for Philippine coconut oil and the suspension of duty on copra as proposed in section 2 of the act.

The proposed temporary increase in the tariff quota on Philippine coconut oil provided for in section 2 of H.R. 6568 is linked by the proposed Philippine preference waiver to the suspension of the 1.25-cent-per-pound duty on copra from sources other than the Philippines. The Department recognizes that the intent of section 2 is to accommodate the interests of both the domestic crushers of copra and the consumers of coconut oil. However, the 1-cent-per-pound rate of duty applicable to overquota imports does not appear to have a serious impact on the competitive position of Philippine coconut oil in the U.S. market. Thus, the slight advantage to domestic oil consumers of the proposed increase in duty-free imports of coconut oil would not offset the disadvantage to domestic crushers that could result from such increased oil imports. Moreover, the domestic crusher would not benefit from a duty suspension on other than Philippine copra since no significant sources of copra outside the Philippines are currently available.

On balance, we believe that the interests of domestic copra crushers and industrial consumers of coconut oil would be best served by the deletion of section 2 of H.R. 6568.

The Department urges prompt enactment of H.R. 6568 if amended in accordance with the above comments.

We have been advised by the Bureau of the Budget that there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely yours,

ROBERT E. GILES.

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

TARIFF ACT OF 1930**TITLE I—TARIFF SCHEDULES OF THE UNITED STATES**

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SCHEDULE 1.—ANIMAL AND VEGETABLE PRODUCTS

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PART 14.—Animal and Vegetable Oils, Fats, and Greases**Part 14 headnotes:**

1. If, at any time prior to July 4, 1974, the President, after consultation with the President of the Philippine Republic, finds that adequate supplies of neither copra nor coconut oil, the product of the Philippines, are readily available for processing in the United States, he shall issue a special proclamation so proclaiming, and the provisions of items 175.10 through 175.12 of subpart A and of items 176.07 through 176.13 of subpart B of this part shall become inoperative with respect to products entered after the date of such proclamation and before the expiration of 30 days after he proclaims that, after consultation with the President of the Philippine Republic, he finds that adequate supplies of such copra or coconut oil are readily available for processing in the United States.

2. Copra, the product of the Trust Territory of the Pacific Islands, 61 Stat. 397 (hereinafter referred to in this part as the Trust Territory) or produced wholly from materials the growth or production thereof (items 175.11 and 175.12) and coconut oil, the product of the Trust Territory, or produced wholly from materials the growth or production thereof (items 176.08, 176.09, 176.10, 176.12 and 176.13) shall be subject to additional duties of 1.25¢ per pound and 2¢ per pound, respectively, to such extent, and at such time after the date of the applicable proclamation, as the President, after taking into account the responsibilities of the United States with respect to the economy of the Trust Territory, shall determine and proclaim to be justified to prevent substantial injury or the threat thereof to the competitive trade of any country of the free world.

3. For the purposes of the exclusive trade agreement between the United States and the Republic of the Philippines, the rates of duty in subpart A on copra [, palm-kernel nuts and palm nuts, and a 3-cent part of each of the rates of duty in subpart B on coconut oil, palm-kernel oil and palm oil] shall be deemed to be an "internal tax" rather than an "ordinary customs duty".

SUBPART A.—OIL-BEARING VEGETABLE MATERIALS ¹

Subpart A headnote:

1. This subpart covers oil-bearing seeds and other oil-bearing vegetable materials.

Item	Articles	Rates of duty	
		1	2
175.09	Copra: Entered during the effective period of special proclamation issued pursuant to headnote 1 of this part, or entered after July 3, 1974.....	[1.87¢ per lb.] <i>Free</i>	[1.87¢ per lb.] <i>Free</i>
175.10	Entered on or before July 3, 1974, when no such special proclamation is in effect.....	[3.12¢ per lb. ¹] <i>1.25¢ per lb.</i>	[3.12¢ per lb. ¹] <i>1.25¢ per lb.</i>
175.11	If product of the Philippines or of the Trust Territory.....	[1.87¢ per lb. ¹] <i>Free</i>	[1.87¢ per lb. ¹] <i>Free</i>
175.12	If produced elsewhere than in the Philippines or the Trust Territory wholly of materials the growth or production thereof.....	[1.87¢ per lb. ¹] <i>Free</i>	[1.87¢ per lb. ¹] <i>Free</i>
175.27	Palm-nut kernels.....	1.35¢ per lb. ²	1.35¢ per lb. ²
175.30	Palm nuts.....	0.35¢ per lb. ²	0.35¢ per lb. ²
175.28	<i>Palm-nut kernels and palm nuts</i>	<i>Free</i>	<i>Free</i>

¹ Subtract 1.87¢ per lb. from this rate for copra entered on or before June 30, 1966. See Appendix to Tariff Schedules.
² Palm-nut kernels and palm nuts entered on or before June 30, 1966, are free of duty. See Appendix to Tariff Schedules.

SUBPART B.—VEGETABLE OILS, CRUDE OR REFINED ¹

Subpart B headnotes:

1. This subpart covers all expressed or extracted vegetable oils, whether crude or subjected to refining processes, but does not cover any of such products which have been artificially mixed or which have been sulfonated, sulfated, hydrogenated, or processed otherwise than by refining. This subpart also covers vegetable tallow.

2. Coconut oil, which is a Philippine article, is entitled to the preferential rates of duty prescribed in items 176.05, 176.08 and 176.12 of this subpart if entered on or before December 31, 1973, but the total aggregate quantity entered under these items during each calendar year shall not exceed—

- (a) 160,000 tons during calendar years 1963 through 1964,
- (b) 120,000 tons during calendar years 1965 through 1967,
- (c) 80,000 tons during calendar years 1968 through 1970, and
- (d) 40,000 tons during calendar years 1971 through 1973.

¹ Imports of certain products in this subpart are subject to additional import restrictions. See appendix to tariff schedules.

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Item	Articles	Rates of duty	
		1	2
176.04	Coconut oil: Entered during the effective period of special proclamation issued pursuant to headnote 1 of this part, or entered after July 3, 1974 ¹	[4¢ per lb.] <i>1¢ per lb.</i>	[5¢ per lb.] <i>2¢ per lb.</i>
176.05	If product of the Philippines or of the Trust Territory: If Philippine article within tariff-rate quota (see headnote 2 of this subpart), or if Trust Territory article, entered on or before July 3, 1974.....	[3¢ per lb.] <i>Free.</i>	
176.06	Other.....	[4¢ per lb.] <i>1¢ per lb.</i>	
176.07	Entered on or before July 3, 1974, when no special proclamation issued pursuant to headnote 1 of this part is in effect: Crude.....	[6¢ per lb.²] <i>5¢ per lb.</i>	[7¢ per lb.²] <i>4¢ per lb.</i>
176.08	If product of the Philippines or of the Trust Territory: If Philippine article within tariff-rate quota (see headnote 2 of this subpart), or if Trust Territory article.....	[3¢ per lb.²] <i>Free.</i>	
176.09	Other.....	[4¢ per lb.²] <i>1¢ per lb.</i>	
176.10	If produced elsewhere than in the Philippines or the Trust Territory wholly from materials the growth or production thereof.....	[4¢ per lb.²] <i>1¢ per lb.</i>	[5¢ per lb.²] <i>2¢ per lb.</i>
	¹ Imports of certain products in this subpart are subject to additional import restrictions. See Appendix to Tariff Schedules. ² Subtract 3¢ per lb. from this rate for coconut oil entered on or before June 30, 1966. See Appendix to Tariff Schedules.		
176.11	Entered on or before July 3, 1974, etc. (con.): Other than crude.....	[4¢ per lb.¹] <i>1¢ per lb.</i>	[5¢ per lb.¹] <i>2¢ per lb.</i>
176.12	If product of the Philippines or of the Trust Territory: If Philippine article within tariff-rate quota (see headnote 2 of this subpart) or if Trust Territory article.....	[3¢ per lb.¹]	
176.13	Other.....	[4¢ per lb.¹] <i>1¢ per lb.</i>	
	• • • • •	•	•
176.32	Palm-kernel oil: Rendered unfit for use as food.....	3¢ per lb. ¹	3¢ per lb. ¹
176.33	Other.....	3.5¢ per lb. ¹	4¢ per lb. ¹
176.35	Palm oil: Imported to be used in the manufacture of iron or steel products, or of tin plate or terne plate.....	Free	Free
176.36	Other.....	3¢ per lb. ¹	3¢ per lb. ¹
176.38	Palm-kernel oil: Rendered unfit for use as food.....	Free	Free
176.33	Other.....	0.5¢ per lb.	1¢ per lb.
176.34	Palm oil.....	Free	Free
	• • • • •	•	•
	¹ Subtract 3¢ per lb. from this rate for coconut oil, palm-kernel oil or palm oil entered on or before June 30, 1966. See Appendix to Tariff Schedules.		

SCHEDULE 4.—CHEMICALS AND RELATED PRODUCTS

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Item	Articles	Rates of duty	
		1	2
	<p>PART 8.—SURFACE-ACTIVE AGENTS; SOAPS AND SYNTHETIC DETERGENTS</p> <p>Part 8 headnote: 1. This part covers surface-active agents, soaps, and synthetic detergents, except those provided for in items 405.30 and 405.35 of part 1C of this schedule. The addition of any product described in part 1 of this schedule to these products as a color, brightener, germicide, deodorizer, whitener, or scent does not affect their classification under this part (8).</p> <p>SUBPART A.—SURFACE-ACTIVE AGENTS</p> <p>Subpart A headnotes: 1. The term "<i>surface-active agents</i>", as used in item 465.95 means synthetic organic chemical compounds, or mixtures thereof, which function as surface tension modifiers and are chiefly used for any one or combination of the following purposes: As detergents, wetting agents, emulsifiers, dispersants, or foaming agents. [2. For the purposes of the exclusive trade agreement between the United States and the Republic of the Philippines, the specific parts of the rates of duty (3¢ per lb.) in items 465.25, 465.35, and 465.65 of this subpart shall be deemed to be an "internal tax" rather than an "ordinary customs duty".]</p> <p>Fatty substances of animal (including marine animal) or vegetable origin: Not sulfonated or sulfated: Fatty-acid esters, ethers, and ether-esters of polyhydric alcohols:</p>		
465.05	Derived from coconut, palm-kernel, or palm oil.....	[4.5¢] 3¢ per lb. + 15% ad val. ¹	[7.5¢] 6¢ per lb. + 30% ad val. ¹
465.10	Other.....	3.75¢ per lb. + 15% ad val.	7.5¢ per lb. + 30% ad val.
	Fatty-acid amides, amines, and quaternary ammonium salts: Derived from coconut, palm-kernel, or palm oil.....	[4.5¢] 3¢ per lb. + 15% ad val. ¹	[7.5¢] 6¢ per lb. + 30% ad val. ¹
465.15	Derived from coconut, palm-kernel, or palm oil.....	[4.5¢] 3¢ per lb. + 15% ad val. ¹	[7.5¢] 6¢ per lb. + 30% ad val. ¹
465.20	Other.....	3.75¢ per lb. + 15% ad val.	7.5¢ per lb. + 30% ad val.
	¹ Subtract 1.5¢ per pound from the specific part of the rate for products derived from coconut, palm-kernel, or palm oil entered on or before June 30, 1968. See Appendix to Tariff Schedules.		
	Sodium and potassium salts of fats, oils, and greases, and of fatty acids derived therefrom: Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb. +] 10% ad val. ¹	[3¢ per lb. +] 25% ad val. ¹
465.25	Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb. +] 10% ad val. ¹	[3¢ per lb. +] 25% ad val. ¹
465.30	Other.....	1.5¢ per lb. + 10% ad val.	3¢ per lb. + 25% ad val.
	Sulfonated or sulfated: Fatty acids and salts of fatty acids: Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb. +] 10% ad val. ¹	[3¢ per lb. +] 25% ad val. ¹
465.35	Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb. +] 10% ad val. ¹	[3¢ per lb. +] 25% ad val. ¹
465.40	Other.....	1.5¢ per lb. + 10% ad val.	3¢ per lb. + 25% ad val.
	Fatty alcohols and salts of fatty alcohols: Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb. +] 10% ad val. ¹	[3¢ per lb. +] 25% ad val. ¹
465.45	Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb. +] 10% ad val. ¹	[3¢ per lb. +] 25% ad val. ¹
465.60	Other.....	1.5¢ per lb. + 10% ad val.	3¢ per lb. + 25% ad val.
	Fatty-acid esters, ethers, amides, and amines: Derived from coconut, palm-kernel, or palm oil.....	[1.5¢ per lb. +] 10.5% ad val. ¹	[1.5¢ per lb. +] 25% ad val. ¹
465.55	Derived from coconut, palm-kernel, or palm oil.....	[1.5¢ per lb. +] 10.5% ad val. ¹	[1.5¢ per lb. +] 25% ad val. ¹
465.60	Other.....	0.75¢ per lb. + 10.5% ad val.	1.5¢ per lb. + 25% ad val.

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Item	Articles	Rates of duty	
		1	2
465.65	Fats, oils, and greases, all the foregoing sulfonated or sulfated: Coconut, palm-kernel, and palm oils.....	[3¢ per lb. +] 14% ad val. ¹	[3¢ per lb. +] 35% ad val. ¹
	¹ The specific part of the rate (3¢ or 1.5¢ per lb.) does not apply to coconut, palm-kernel, or palm oil or products derived therefrom entered on or before June 30, 1906. See Appendix to Tariff Schedules.		
	PART 13.—FATTY SUBSTANCES, CAMPHOR, CHARS AND CARBONS, ISOTOPES, WAXES, AND OTHER PRODUCTS		
	Part 13 headnote: 1. Any product described in this part and also in part 1 of this schedule is classifiable under the said part 1, except any product provided for in Item 493.10, 493.75, 494.50, 494.52, or 494.60, and except any product provided for in subpart C of this part.		
	SUBPART A.—FATTY SUBSTANCES		
	[Subpart A headnote:] [1. For the purposes of the exclusive trade agreement between the United States and the Republic of the Philippines, the specific parts of the rates of duty (3¢ per lb.) in Items 490.24 and 490.48 of this subpart shall be deemed to be an "internal tax" rather than an "ordinary customs duty".]		
	Fatty substances, not sulfonated or sulfated, and not specially provided for:		
	Fatty acids:		
	Of vegetable origin:		
490.20	Derived from linseed oil.....	4.5¢ per lb.+ 10% ad val.	4.5¢ per lb.+ 20% ad val.
490.22	Derived from hempseed, kapok, perilla, rapeseed, sesame, or sunflower oil.....	2.25¢ per lb.+ 10% ad val.	4.5¢ per lb.+ 20% ad val.
490.24	Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb.+] 10% ad val. ¹	[3¢ per lb.+] 20% ad val. ¹
490.26	Other.....	10% ad val.	20% ad val.
	¹ The specific part of the rate (3¢ per lb.) does not apply to fatty acids derived from coconut, palm-kernel, or palm oil entered on or before June 30, 1906. See Appendix to Tariff Schedules.		
	Of vegetable origin:		
490.48	Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb.+] 10% ad val. ¹	[3¢ per lb.+] 25% ad val. ¹
490.50	Other.....	10% ad val.	25% ad val.
	Fatty alcohols of animal (including marine animal) or vegetable origin:		
490.65	Oleyl.....	2.5¢ per lb.+ 12.5% ad val.	6¢ per lb.+ 30% ad val.
	Other:		
490.73	Derived from coconut, palm-kernel, or palm oil.....	[3¢ per lb.+] 10.5% ad val. ¹	[3¢ per lb.+] 25% ad val. ¹
490.75	Other.....	10.5% ad val.	25% ad val.

Item	Articles	Rates of duty	
		1	2
490.90	Esters: Of animal (including marine animal) origin...	0.75¢ per lb. + 10.5% ad val.	1.5¢ per lb. + 25% ad val.
490.92	Of vegetable origin: Derived from coconut, palm-kernel, or palm oil.....	[1.5¢ per lb. +] 10.5% ad val. ²	[1.5¢ per lb. +] 25% ad val. ²
490.94	Other.....	10.5% ad val.	25% ad val.
*	* * * * *	*	*

¹ The specific part of the rate (3¢ per lb.) does not apply to salts and alcohols derived from coconut, palm-kernel, or palm oil entered on or before June 30, 1936. See Appendix to Tariff Schedules.
² The specific part of the rate (1.5¢ per lb.) does not apply to esters derived from coconut, palm-kernel, or palm oil entered on or before June 30, 1936. See Appendix to Tariff Schedules.

APPENDIX TO THE TARIFF SCHEDULES

PART 1.—TEMPORARY LEGISLATION

SUBPART B.—TEMPORARY PROVISIONS AMENDING THE TARIFF SCHEDULES

Item	Articles	Rates of duty		Effective period
		1	2	
903.30	Copra (provided for in part 14A, schedule 1): Entered when no special proclamation issued pursuant to headnote 1 of part 14 of schedule 1 is in effect (item 175.10).....	1.25¢ per lb.	1.25¢ per lb.	On or before 6/30/66
903.31	If product of the Philippines or of the Trust Territory (item 175.11).....	Free	Free	
903.32	If produced elsewhere than in the Philippines or the Trust Territory wholly of materials the growth or production thereof (item 175.12).....	Free	Free	On or before 6/30/66
903.40	Palm-nut kernels and palm nuts (provided for in items 175.27 and 175.30, respectively, part 14A, schedule 1).....	Free	Free	
903.43	Coconut oil (provided for in part 14B of schedule 1): Entered when no special proclamation issued pursuant to headnote 1 of part 14 of schedule 1 is in effect: Crude (item 176.07).....	3¢ per lb.	4¢ per lb.	On or before 6/30/66
903.44	If product of the Philippines or of the Trust Territory: If Philippine article within tariff-rate quota (see headnote 2 of part 14B of schedule 1) or if Trust Territory article (item 176.08).....	Free	Free	
903.45	Other (item 176.09).....	1¢ per lb.	1¢ per lb.	On or before 6/30/66
903.46	If produced elsewhere than in the Philippines or the Trust Territory wholly from materials the growth or production thereof (item 176.10).....	1¢ per lb.	2¢ per lb.	
903.47	Other than crude (item 176.11).....	1¢ per lb.	2¢ per lb.	On or before 6/30/66
903.48	If product of the Philippines or of the Trust Territory: If Philippine article within tariff-rate quota (see headnote 2 of part 14B of schedule 1) or if Trust Territory article (item 176.12).....	Free	Free	
903.49	Other (item 176.13).....	1¢ per lb.	1¢ per lb.	

14 TARIFF—COPRA, PALM NUTS, AND PALM-NUT KERNELS

Item	Articles	Rates of duty		Effective period
		1	2	
903.60	Palm-kernel oil (provided for in part 14B, schedule 1):			On or before 6/30/66
903.61	Rendered unfit for use as food (item 176.32)	Free	Free	
	Other (item 176.33)	0.5¢ per lb.	1¢ per lb.	On or before 6/30/66
903.65	Palm oil (provided for in part 14B, schedule 1):			
	Other (item 176.36)	Free	Free	
	Fatty substances derived from coconut, palm-kernel, or palm oil (provided for in part 8A, schedule 4):			On or before 6/30/66
	Not sulfonated or sulfated:			
907.70	Fatty-acid esters, ethers, and other esters of polyhydric alcohols (item 465.05)	3c per lb. + 15% ad val.	6c per lb. + 30% ad val.	
907.71	Fatty-acid amides, amines, and quaternary ammonium salts (item 465.15)	3c per lb. + 15% ad val.	6c per lb. + 30% ad val.	
907.72	Sodium and potassium salts of fats, oils, and greases, and of fatty acids derived therefrom (item 465.25)	10% ad val.	25% ad val.	
	Sulfonated or sulfated:			
907.73	Fatty acids and salts of fatty acids (item 465.35)	10% ad val.	25% ad val.	
907.74	Fatty alcohols and salts of fatty alcohols (item 465.45)	10% ad val.	25% ad val.	
907.75	Fatty-acid esters, ethers, amides, and amines (item 465.55)	10.5% ad val.	25% ad val.	
907.77	Coconut, palm-kernel, and palm oils, sulfonated or sulfated (provided for in item 465.65, part 8A, schedule 4)	14% ad val.	35% ad val.	On or before 6/30/66
907.80	Canalgre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia, all the foregoing provided for in items 470.23, 470.25, 470.55, 470.57, and 470.65, part 9A, schedule 4	Free	Free	On or before 9/30/66
	Fatty substances derived from coconut, palm-kernel, or palm oil, not sulfonated or sulfated, and not specially provided for (provided for in part 13A, schedule 4):			On or before 6/30/66
907.85	Fatty acids (item 490.24)	10% ad val.	20% ad val.	
907.86	Salts (item 490.48)	10% ad val.	25% ad val.	
907.87	Fatty alcohols (item 490.73)	10.5% ad val.	25% ad val.	
907.88	Esters (item 490.92)	10.5% ad val.	25% ad val.	

