

TARIFF CLASSIFICATION OF CHINESE GOOSEBERRIES

AUGUST 15, 1967.—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. 2155]

The Committee on Finance, to which was referred the bill (H. R. 2155) to amend the Tariff Schedules of the United States with respect to the classification of Chinese gooseberries, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE

The purpose of H. R. 2155 is to make fresh Chinese gooseberries subject to a tariff rate equivalent to the general tariff level applied to berries rather than the tariff level applied to "other" fruits. Specifically, the bill would reduce the tariff rate from 17.5 percent ad valorem to 0.75 cent per pound.

SUMMARY OF COMMITTEE AMENDMENTS

The Committee on Finance agreed to the substance of the House bill without change. However, because of the successful culmination of the tariff-cutting negotiations (which occurred after H. R. 2155 was passed by the House) a technical amendment has been added to assure that the adjustment assistance and escape clause provisions of the Trade Expansion Act will apply with respect to Chinese gooseberries just as they presently apply to all other items provided for in the tariff schedules, and to treat the new 0.75-cent-per-pound rate as a proclaimed (rather than statutory) rate.

In addition to this technical amendment, the committee added a new provision authorizing the Secretary of Treasury to approve applications by private carriers to transport customs bonded merchandise (without prepayment of the tariffs involved) where he determines that customs revenues will not be jeopardized.

GENERAL STATEMENT

Chinese gooseberries.—The fresh Chinese gooseberries covered by this bill, which are unlike the common American gooseberry in physical appearance, were historically traded as berries, and they are botanically classified as berries. Such berries are believed to have originated in China as is suggested by their botanical name, *Actinidia Chinensis*. Imports of the berries, which are now primarily from New Zealand, are small in volume, are relatively high in price, and do not directly compete with any domestic product.

In recent years, Chinese gooseberries have been exported from New Zealand under the designation "Kiwi fruit," in order to associate the product with New Zealand. Because of this appellation, there has developed a trade acceptance of the Chinese gooseberries as fruit rather than as berries, and they have been held technically classifiable for tariff purposes as nonenumerated fresh fruit dutiable at a rate of 17.5 percent. As part of the Kennedy round of tariff-cutting agreements this 17.5-percent tariff would be reduced (in five stages) to 8.5 percent.

The Committee on Finance, like the Committee on Ways and Means of the House, however, believes that the tariff rate applicable to Chinese gooseberries should be more in line with those rates generally applicable to fresh berries than the rates generally applicable to fresh fruit. Accordingly, the committee agrees that the specific berry tariff of three-fourths of a cent per pound (generally equivalent to 3 percent ad valorem at present price levels) is appropriate and recommends that the bill be approved.

Transportation of bonded merchandise.—Under present law, imported merchandise which has not been entered, or withdrawn from warehouse, for consumption ordinarily may be transported between ports of entry or from the port of importation to a customs bonded warehouse in another customs district only by common carriers or contract carriers bonded for such purpose.

Specifically, the authority of the Bureau of Customs to designate carriers of bonded merchandise prior to the release of such merchandise from customs custody is limited to "(1) any common carrier of merchandise owning or operating a railroad, steamship, or other transportation line or route for the transportation of merchandise in the United States, (2) any contract carrier authorized to operate as such by any agency of the United States, and (3) any freight forwarder authorized to operate as such by any agency of the United States" (19 U.S.C. 1551).

In 1936 Congress provided an exception to this rule which had the effect of qualifying private cartmen and lightermen, when bonded, to transport imported merchandise between the Ports of New York, Newark, and Perth Amboy (which were in the same customs district) before such merchandise had been released from customs custody and the duties involved had been paid. However, there is no rule under which a private carrier may similarly transport customs bonded merchandise between other customs ports or between customs districts.

It has been called to the attention of the committee that this shortcoming tends to discriminate against importers who operate customs bonded warehouses in customs districts away from the seacoast. Such an importer must formally enter his merchandise and pay tariff on it

at the seacoast port if he desires to transport it by private carrier to his inland warehouse. On the other hand, if he operated a customs bonded warehouse within the limits of the port on the coast he could transport his bonded merchandise to his warehouse by private carrier without prepayment of tariff.

The present rules in effect force inland importers to resort to higher priced common carriers or contract carriers if they are to avoid large capital investments in tariff charges. The committee believes that if the customs revenues can be protected it would be appropriate to permit private carriers to transport customs bonded merchandise between customs districts for delivery to a customs bonded warehouse without requiring prepayment of duties. To accomplish this objective, the committee has added a new section to the bill authorizing the Secretary of the Treasury to designate private carriers as carriers of bonded merchandise. In exercising this new authority, the Secretary may impose such special terms and conditions upon each applicant as he considers necessary to safeguard the revenues of the United States with respect to the transportation of the bonded merchandise.

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

* * * * *

SCHEDULE I.—ANIMAL AND VEGETABLE PRODUCTS

* * * * *

PART 9.—EDIBLE NUTS AND FRUITS

Item	Articles	Rates of duty	
		1	2
	SUBPART B.—EDIBLE FRUITS		
	Other fruits, fresh, or prepared or preserved:		
149. 48	<i>Chinese gooseberries (Actinidia Chinensis Planch.), fresh.</i>	<i>0.75¢ per lb.</i>	<i>1.25¢ per lb.</i>
149. 50	[Fresh] <i>Other fruits, fresh</i>	17.5% ad val.	35% ad val.
149. 51	If products of Cuba.....	14% ad val. (s)	
149. 60	Prepared or preserved.....	35% ad val.	35% ad val.
149. 61	If products of Cuba.....	14% ad val. (s)	

TITLE IV—ADMINISTRATIVE PROVISIONS

* * * * *

SEC. 551. BONDING OF CARRIERS.

Under such regulations and subject to such terms and conditions as the Secretary of the Treasury shall prescribe—

(1) any common carrier of merchandise owning or operating a railroad, steamship, or other transportation line or route for the transportation of merchandise in the United States,

(2) any contract carrier authorized to operate as such by any agency of the United States, and

(3) any freight forwarder authorized to operate as such by any agency of the United States,

upon application, may, in the discretion of the Secretary, be designated as a carrier of bonded merchandise for the final release of which from customs custody a permit has not been issued. *A private carrier, upon application, may, in the discretion of the Secretary, be designated under the preceding sentence as a carrier of bonded merchandise, subject to such regulations and, in the case of each applicant, to such special terms and conditions as the Secretary may prescribe to safeguard the revenues of the United States with respect to the transportation of bonded merchandise by such applicant.*

○