

DUTY ON UPHOLSTERY REGULATORS, PINS, AND NEEDLES

DECEMBER 30 (legislative day, DECEMBER 28), 1970.—Ordered to be printed

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

REPORT

[To accompany H.R. 10875]

The Committee on Finance, to which was referred the bill (H.R. 10875) having considered the same, reports favorably thereon with amendments and recommends that the bill do pass.

PURPOSE OF HOUSE PROVISION

The purpose of H.R. 10875 is to amend the tariff schedules of the United States and to make duty free the imports of upholstery regulators, upholsterers' regulating needles, and upholsterers' pins.

PURPOSE OF COMMITTEE AMENDMENT

The committee amendment would amend the Tariff Schedules of the United States (TSUS) to establish separate provisions and increase the rates of duty for certain interlining fabrics containing hair and tops, roving and yarns, suitable for making such fabrics.

GENERAL STATEMENT

House Provision.—H.R. 10875 would provide for the duty-free treatment for imports of upholstery regulators, upholsterers' regulating needles, and upholsterers' pins by establishing a new item 651.06 in the tariff schedules of the United States (TSUS) under which all imports of these articles would free of duty.

Upholstery regulators are similar to knitting needles and are used to stuff furniture being upholstered. They are presently dutiable under TSUS item 651.04 at 13 percent ad valorem.

Upholsterers' regulating needles are eyeless needles, about 12 inches in length and are presently dutiable under item 651.47 at 11.5 percent ad valorem. Upholsterers' pins are 3 inches in length with a loop

instead of a head. These pins are dutiable under item 657.20 at 13 percent ad valorem. The rates of duty on TSUS item numbers 651.04, 651.47, and 657.20 are being reduced in stages to 9.5 percent, 8.5 percent, and 9.5 percent, respectively, effective January 1, 1972, pursuant to the Kennedy Round of Trade Negotiations.

The committee is informed that there is no commercial production of these articles in the United States and that the domestic upholstery trade is dependent on imports of these articles. Imports of upholstery regulators and upholsterers' pins and regulating needles are not separately reported. However, it is known that the volume of such imports is small. No objection to the bill was received by your committee.

Committee Amendment—Interlining Haircloth.—The term "interlinings" is generally used to designate fabrics or materials used between the outside fabric and the lining of a garment. It refers to both (1) interlinings used primarily to provide warmth, bulk, and weight such as flannels, quilted fabrics, batting, et cetera, and (2) interlinings used primarily to provide shape, stiffening, and added strength such as haircloth, canvas, resin-stiffened materials, et cetera.

Imports of interlining fabrics have increased sharply in recent years. These imports have been for the most part from Japan. Although such interlining fabrics are not separately provided for in the TSUS, imports from Japan under TSUS item 332.40 are believed to be largely interlining fabrics of the hair-canvas type. Total imports from Japan under item 332.40 increased from a level of 2 million square yards annually in 1966 and 1967 to 8.7 million square yards in 1969. Typical imports are of cotton, rayon, and human hair, the warp being of cotton, and the filling a mixture of rayon and hair.

Interlining fabrics classifiable under item 332.40 are in chief value of cotton, and currently dutiable at the rate of 17 percent ad valorem. Interlining fabrics of manmade fibers or of wool generally are not imported owing to the significantly higher rates of duty applicable thereto under the respective TSUS provisions.

The combination of a low rate of duty on cotton haircloth and soaring imports of this type of haircloth on the one hand, as contrasted to a high tariff and low imports of haircloth of wool or manmade fabrics indicates that this is another instance where foreign producers have manipulated a product to take advantage of gaps in the U.S. tariff structure—gaps which impose sharply dissimilar tariffs on essentially similar products. This view is buttressed by the decline in imports of wool haircloth which followed rises in wool tariffs several years ago.

The U.S. consumption of haircloth interlinings is largely in men's tailored clothing and is roughly estimated at 50 million square yards annually. U.S. output is estimated to be equivalent to 35 to 40 million square yards. There are fewer than a half dozen major producers.

Inasmuch as interlining fabrics are fabrics of special construction, the new provision therefor is incorporated in subpart C of part 4 of schedule 3 of the TSUS in conjunction with item 356.80, a very limited provision for interlining fabrics which is not sufficiently broad in scope to embrace the haircloth interlinings in question. In making separate provision for haircloth interlinings in new item 356.82, the committee amendment would continue without rate change the provisions of current item 356.80.

The committee amendment would provide a rate of 40 cents per pound plus 40 percent ad valorem for the haircloth interlinings in item 356.82, which rate more nearly conforms to the rates currently applicable to such fabrics of manmade fibers or of wool.

The committee amendment would also make a conforming change in the rate of duty applicable to tops, roving, and yarns suitable for making interlining fabrics of the type provided for in new item 356.82. The increased rate of duty on these tops, roving, and yarns—which would be provided for in a new item 312.08—is designed to complement the action taken on the fabrics. Although such tops, roving, and yarns do not appear to be imported in significant quantities at the present time, the likelihood of their being imported to the detriment of domestic producers would tend to be increased by the enactment of the new provision for interlining fabrics (item 356.82) unless this conforming change is made.

CHANGES IN EXISTING LAW

In the opinion of the committee, it is necessary to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate in connection with this report.

