

DUTY-FREE ENTRY OF CARILLON, UNIVERSITY OF
CALIFORNIA

OCTOBER 13, 1972.—Ordered to be printed

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

REPORT

[To accompany H.R. 4678]

The Committee on Finance, to which was referred the bill (H.R. 4678) to provide for the free entry of a carillon for the use of the University of California at Santa Barbara, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

HOUSE BILL

The House bill would admit free of duty a carillon imported June 1969, for the use of the University of California at Santa Barbara.

EXPLANATION OF COMMITTEE AMENDMENTS

Caprolactam monomer in water solution.—This amendment is designed to grant temporary relief from duty for caprolactam monomer in water solution until June 30, 1973. This chemical, which is temporarily in short supply in the United States, is widely used by manufacturers of nylon fiber. These fiber manufacturers cannot obtain adequate caprolactam supplies from domestic sources at this time.

The necessity for importing the partially processed material results from a temporary delay in a chemical manufacturing facility in the United States to come onstream as planned. One stage in the process has been redesigned and equipment is on order. The caprolactam monomer in water solution which the U.S. manufacturer receives will be further processed in units that are operational to produce finished product caprolactam.

Other U.S. manufacturers of caprolactam have no product available to supply other than that which is required by their regular customers.

The caprolactam monomer in water solution requires further purification (including extraction, hydrogenation, ion exchange, evaporation and distillation) to produce caprolactam suitable for polymerization.

Processed wool—Virgin Islands.—The second committee amendment is designed to narrow the last of recently utilized loopholes in the tariff schedules under which foreign manufacturers of processed wool have evaded payment of normal duties on shipments to the United States. The Congress by previous legislation in 1963, 1965, and 1968 has closed the other loopholes.

Under the statutory tariff rates established by Congress, woven wool tariffs classified as tariff schedule items 336.50, 336.55, and 336.60 bear duties of 33.5 cents per pound plus 60 percent ad valorem, \$1.135 per pound and 37.5 cents per pound plus 38 percent ad valorem. As stated these statutory rates were tailored to close a long history of tariff evasion by foreign producers of processed wool. However, over the past several years a practice has developed under which foreign wool has been shipped into the Virgin Islands, and, after further processing, reshipped to the United States free of duty. This practice threatens to injure New England wool manufacturers who employ significant numbers of American workers.

The committee amendment would for 1972 permit the entry of 2.5 million linear square yards (approximately the existing level) of processed wool imports from the Virgin Islands on a duty-free basis, and apply the statutory rates to any shipments above that level. For subsequent years, the amount of processed wool permitted to be entered from the Virgin Islands on a duty-free basis would be gradually reduced to a level of one million linear yards.

“Processing” of the foreign wool in the Virgin Islands has consisted of spraying the cloth with an alleged shower proofing chemical. By the best available estimates, this processing has required the employment of less than 100 residents of the Islands, these on a part-time basis. In contrast, the number of employees in U.S. firms affected by the transshipment practices runs above 1,000, all in the New England region, which is already hard hit by high unemployment.

EFFECT ON THE REVENUES OF THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

The committee estimates that extending duty-free treatment to the entry of a four-octave carillon for the use of the University of California will result in a revenue loss of \$8,160.35, the amount of the duty deposited. There will be an insignificant temporary loss of revenues due to the duty-free treatment of caprolactam monomer until June 30, 1973, and no loss of revenue resulting from the quota on processed wool from the Virgin Islands.

In compliance with section 133 of the Legislative Organization Act of 1946 as amended, the following statement is made relative to the vote by the committee on reporting the bill. This bill was ordered favorably reported by the committee without objection. No rollcall vote was taken.

CHANGES IN EXISTING LAW

In the opinion of the committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the bill, as reported).

