

MATTRESS BLANKS OF RUBBER LATEX

SEPTEMBER 29, 1976.—Ordered to be printed

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

REPORT

[To accompany H.R. 11605]

The Committee on Finance, to which was referred the bill (H.R. 11605) to suspend for a temporary period the rate of duty on mattress blanks of rubber latex, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

I. EXPLANATION OF THE BILL

House bill.—Section 1 of H.R. 11605 amends subpart B, part 1 of the Appendix to the Tariff Schedules of the United States to add a new item number 912.08 after item 912.05 to suspend the 15 percent column 1 rate of duty on mattress blanks of rubber latex for a temporary period until June 30, 1978. The column 1 rate is the nondiscriminatory, or most-favored-nation, rate of duty.

The temporary duty suspension on mattress blanks of rubber latex applies to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment and, upon request, to articles entered or withdrawn after March 31, 1975.

Senate amendments.—Section 2 of H.R. 11605 is a Committee amendment which amends the Appendix to the Tariff Schedules of the United States by suspending until September 30, 1981, the duties on imports of wool, not finer in grade quality than 46s. Section 3 is also a Committee amendment to the Appendix to the YSUS which changes the termination dates in items 905.30 and 905.31, relating to silk yarns, from November 7, 1975, to June 30, 1978.

II. MATTRESS BLANKS OF RUBBER LATEX

Mattress blanks of rubber latex are currently imported under item 727.86.20 of the Tariff Schedules of the United States (19 U.S.C. 1202).

The column 1 rate of duty (applicable to imports from countries accorded non-discriminatory (MFN) tariff treatment) is 15 percent ad valorem. The corresponding column 2 rate of duty (applicable to imports from countries not accorded MFN treatment) is 40 percent ad valorem. Duties are not imposed on qualifying products of countries and territories designated beneficiary developing countries for purposes of the Generalized System of Preferences (GSP), provided for in Title V of the Trade Act of 1974.

In 1975, the sole United States producer of natural foam rubber latex, a plant in Shelton, Connecticut, was totally destroyed by fire. Since then, the nation has been without a domestic supplier of this product, thereby imposing a handicap on U.S. manufacturers of foam rubber mattresses and box spring sets. These producers have no alternative but to import all the foam rubber necessary for their production. Since there is no longer any domestic industry producing foam rubber material for mattress manufacture, U.S. mattress producers are unnecessarily burdened by the 15 percent import duty. Upon request, importers of mattress blanks of rubber latex may get a refund of the duties they have paid after March 31, 1975, and before the date of enactment of this Act.

Import statistics for foam rubber mattress blanks are contained in a basket category that includes all non-cotton mattresses. Therefore, there is no accurate way to determine a breakdown of data that would clearly indicate imports of mattress blanks. However, 1975 imports of the basket category, TSUS item 727.80.80, show the major supplying country to be Canada. A check with the U.S. Customs Service office at the Port of Champlain, New York, indicates that of 1975 imports from Canada valued at \$267 thousand, approximately \$50 thousand were of foam rubber sheets, blocks, and mattresses.

Reports from the Departments of Treasury and Commerce and the Offices of the Special Representative for Trade Negotiations and Management and Budget indicated no objections to the enactment of this legislation. The United States International Trade Commission submitted an information report.

Public hearings were held by the Committee on Finance on August 24, 1976, on tax and tariff bills. During these hearings, favorable testimony and written comments were received on H.R. 11605. No objections to this legislation have been received by the Committee from any source.

III. DUTY SUSPENSION FOR COARSE WOOL

Under the Tariff Schedules of the United States, item 306.00 provides for the duty free entry under bond of certain wools and hair of the camel when used only in the manufacture of specified products. Those products include carpets, papermakers' felts, socks, and other products.

Items 306.01 through 306.04 provide for the rate of duty on wool or hair, entered under item 306.00, when used or transferred for use in the manufacture of articles not enumerated under item 306.00. Items 306.10 through 306.14 provide for the rate of duty of "named" wools according to their condition as imported. Items 306.20 through

306.34 provide for the rate of duty of other wools finer than 40s, not classifiable under any of the preceding provisions.

Section 2 of H.R. 11605, as reported, is a Committee amendment which would suspend the column 1 (MFN) and column 2 (non-MFN) duties imposed on wool not finer than 46s in grade quality until September 30, 1981. In effect, this amendment would eliminate the bonding requirement under item 306.00 for wool not finer than 46s. It would also provide for duty free entry of wool not finer than 46s when the wool is in the form of articles not enumerated under item 306.00.

Information received from the Department of Treasury indicates that coarse wool is produced in very limited quantities in the United States. The Committee believes that this amendment will stimulate the manufacture of products in which finer and coarser wools may be blended, such as blankets.

IV. SILK YARNS

The suspension of duties on spun silk yarns was extended by various public laws since it was originally enacted by Public Law 86-235 on September 8, 1959. The suspension of duties was last extended on October 29, 1974, by Public Law 93-499, for a 2-year period from November 7, 1973, to November 7, 1975.

Both the column 1 rates of duty (applicable to imports from countries accorded nondiscriminatory (MFN) tariff treatment) and the column 2 rates (applicable to imports from countries not accorded MFN treatment) are suspended under section 3 of this bill which is a Committee amendment. Silk yarns covered by the suspension are imported under two items of the TSUS. The column 1 rate of duty on silk yarn singles under TSUS item 308.40 is 8.5 percent *ad valorem* and is 12.5 percent *ad valorem* on plied silk yarns provided for in TSUS item 308.50. The corresponding column 2 rates are 40 percent *ad valorem* and 50 percent *ad valorem*, respectively.

Spun silk yarns are of two principal types: Standard spun silk (schappe) yarns are for general textile use such as for making sewing thread, decorative stripings for fine worsteds, lacing cord for cartridge bags, and, in combination with other fibers, certain types of necktie fabrics, shirtings, dress, and suiting fabrics, upholstery and drapery materials. Standard yarns are manufactured from long parallelized silk fiber stock recovered from waste cocoons and silk filature waste. Silk noil (bourrette) yarn is made from shorter length, and hence cheaper, silk fiber stock than schappe. The material used consists of silk noils discarded as byproducts in preparing silk waste for spinning in standard spun silk yarns.

The duty was suspended originally to enable domestic producers of fine yarn fabrics to import fine silk yarns free of duty and thereby make it more economical to produce fine yarn fabrics in competition with imported similar fabrics. Due to the limited supply of all types of silk, fine silk yarns are being used presently at a premium price for the same purposes as other silk yarns. There is no domestic production of these silk yarn items. In recent years imports have been substantially below imports during the latter part of the 1960's when they averaged about 165,000 pounds annually. There have

been no imports of silk yarn singles under TSUS item 308.40 since 1966. Imports of plied silk yarns under item 308.50 were about 22,000 pounds valued at \$253,000 in 1974. Japan and the People's Republic of China are the principal suppliers.

The Committee amendment in section 3 was reported favorably by the Committee in an earlier bill, H.R. 7727, on November 5, 1975. H.R. 7727 was tabled on July 2, 1976.

Favorable reports were received by the Committee from the Departments of Treasury, Commerce, and the Office of the Special Representatives for Trade Negotiations on this amendment. No objection to this provision has been received from any source.

V. COST OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the effect on the revenues of this bill. The enactment of the first section of H.R. 11605 would result in an annual customs revenue loss of \$7,500. The extension of the suspension of duties on silk yarns would not result in any additional customs revenue loss. The International Trade Commission was unable to provide a revenue cost for the amendment relating to the duties on certain wool imports.

VI. VOTE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made relative to the vote of the Committee on reporting this bill. This bill was ordered favorably reported by the Committee by voice vote.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL

In compliance with paragraph 4 of Rule XXIX of the 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 SCHEDULES OF THE UNITED STATES

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APPENDIX TO THE TARIFF SCHEDULES

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Item	Articles	Rates of duty		Effective period
		1	2	
PART 1.—TEMPORARY LEGISLATION				
	Subject B.—Temporary Provisions Amending the Tariff Schedules	•	•	•
		•	•	•
905.10	Wool: Not finer than 48s	Free	Free	On or before 9/30/81.
905.30	Yarns, wholly of noncontinuous silk fibers (provided for in part 1D, schedule 3): Singles, not bleached and not colored, measuring over 58,000 yards per pound (item 308.40).	Free	Free	On or before [11/7/75] 6/30/78
905.31	Plied, not bleached and not colored, measuring over 29,400 yards per pound (item 308.50)	Free	Free	On or before [11/7/75] 6/30/78
		•	•	•
912.08	Mattress blanks of rubber latex (provided for in item 727.36, part 4A, schedule 7).	Free	No change	On or before 6/30/78.
912.10	Derailleurs, caliper brakes, drum brakes, three-speed hubs incorporating coaster brakes, three-speed hubs not incorporating coaster brakes, click twist grips, click stick levers, multiple free-wheel sprockets (provided for in item 732.36, part 5C, schedule 7).	Free	No change	On or before 12/31/78.
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