

## REDUCTION OF THE IMPORT DUTY ON LEVULOSE

MAY 10 (legislative day, APRIL 24), 1978.—Ordered to be printed

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

### REPORT

[To accompany H.R. 5176]

The Committee on Finance, to which was referred the bill (H.R. 5176) to lower the duty on levulose until the close of June 30, 1980, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

#### I. SUMMARY

H.R. 5176, as amended by the committee, would temporarily provide (through June 30, 1980) a duty on imports of levulose of 10 percent ad valorem under column 1 of the Tariff Schedules of the United States (TSUS). Column 1 of the TSUS is applicable to Most-Favored-Nation imports: that is, imports from countries eligible for nondiscriminatory tariff treatment. The duty under column 2 of the TSUS, applicable to imports from most of the Communist countries, would not be changed.

#### II. GENERAL EXPLANATION

*Present law.*—Imports of levulose are dutiable under TSUS item 493.66 at a column 1 rate of duty of 20 percent ad valorem and a column 2 rate of duty of 50 percent ad valorem.

*House bill.*—H.R. 5176 as it passed the House would add a new item 907.90 to the Appendix to the TSUS providing a column 1 and column 2 rate of duty of 1.9875 cents per pound on imports entered on or after the date of enactment and through June 30, 1980.

*Committee amendments.*—The committee amended the bill to provide a temporary duty of 10 percent ad valorem on column 1 imports of

levulose, instead of a temporary duty of 1.9875 cents per pound on column 1 and column 2 imports of levulose as is provided in the bill which passed the House. This is expected to result in a duty payment under the committee bill of about 6 cents per pound.

*Reasons for change.*—Levulose is a sweetener produced by an expensive manufacturing process and used primarily in special dietary preparations and in chewing gum. There are claims that levulose may be of special value to diabetics and in the manufacture of sweetened articles not contributory to dental caries. The committee action on this bill should not be read as expressing a judgment on these claims.

There is no U.S. production of levulose. However, the Finn-Cal Fruit Sugar Co. of San Francisco, Calif., is in the process of building a plant expected to go into production in the early 1980's. Imports are primarily from Finland, and Finn-Cal, along with the C & H Sugar Co., import levulose from the Finnish Sugar Co. of Helsinki, Finland, co-owner of Finn-Cal.

The lowering of duties on levulose is considered not likely to create a competitive threat to products of the U.S. natural sweetener industry (for example sugar, dextrose, corn syrup, etcetera). The product is not likely to have much impact on other rare polysaccharides, or on noncaloric sweeteners such as saccharin or cyclamates. In particular, although levulose is known to be "sweeter" than sucrose sugar, its price is substantially higher than sugar and levulose does not compete with sugar.

The bill as it passed the House would temporarily reduce the duty on levulose to 1.9875 cents per pound, identical to the rate of duty on sugar at the time the House considered the bill. Since its passage by the House, the President has taken several actions with respect to the duty on sugar which result in the duty changing from time to time in a range substantially higher than 1.9875 cents per pound. Currently, the total import duties and fees applicable to sugar (about 6 cents per pound), if made applicable to imports of levulose, would be equivalent to approximately a 10-percent ad valorem rate of duty for levulose (about 6 cents per pound). The committee considers it appropriate to establish a 10-percent ad valorem rate as the temporary rate, given the nature of present duty on sugar and the stability and certainty provided by an ad valorem duty.

The committee also considers it unnecessary to change the present rate of duty under column 2 of the TSUS applicable to levulose. The present sources of imports of levulose are countries whose products are eligible for the rate of duty contained in column 1 of the TSUS. Additionally, no information is available to the committee about productive capacities and other aspects of levulose production in countries whose products are subject to the column 2 rate of duty.

### III. COST OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the committee estimates the customs revenue effect of carrying out the bill as amended by the committee to be a \$120,000 loss per annum.

## IV. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that the bill, as amended, will not regulate any individuals or businesses.

## V. VOTE OF COMMITTEE

In compliance with section 133 of the Legislative Reorganization Act of 1946, the committee states that the bill, as amended, was ordered favorably reported by voice vote.

## VI. CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown below (existing law proposed to be omitted is enclosed in black brackets, new matter is 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				
* * * * *				
	Subpart B.—Temporary Provisions Amending the Tariff Schedules			
* * * * *				
907.80	Logwood, canaigre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia, all the foregoing provided for in items 470.15, 470.23, 470.25, 470.55, 470.57, and 470.65, part 9A, schedule 4.-----	Free-----	Free-----	On or before 6/30/78.
907.90	<i>Levulose</i> (provided for in item 493.66, part 13B, schedule 4)-----	10% ad valorem.	No change---	On or before 6/30/80.
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