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SENATE

{ REPORT
No. 95-1299 }

MAKING PERMANENT THE EXISTING TEMPORARY SUSPENSION OF DUTY ON CERTAIN DYEING AND TANNING MATERIALS

OCTOBER 7 (legislative day, SEPTEMBER 28), 1978.—Ordered to be printed

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

REPORT

[To accompany H.R. 11409]

The Committee on Finance, to which was referred the bill (H.R. 11409) to make permanent the existing temporary suspension of duty on certain dyeing and tanning materials, having considered the same, reports favorably thereon with amendments to the text and an amendment to the title and recommends that the bill, as amended, do pass.

I. SUMMARY

The first section of H.R. 11409, as amended, would provide for the permanent duty-free entry of certain dyeing and tanning materials.

Section 2 of H.R. 11409, as amended, would temporarily permit, through December 31, 1979, duty-free entry of certain field glasses, opera glasses, and prism binoculars.

II. REASONS FOR THE BILL

The United States depends on imports for virtually all of its requirements of vegetable tanning extracts. The first section of H.R. 11409 would help American tanners to hold down the cost of producing leather.

There is no U.S. production of field glasses, opera glasses, and prism binoculars. Suspension of duty on these articles would permit a reduction in the price of these items to consumers.

III. GENERAL EXPLANATION

A. CERTAIN DYEING AND TANNING MATERIALS

The first section of H.R. 11409 would eliminate the duty on imports of certain dyeing and tanning materials entered, or withdrawn from warehouse, for consumption after June 30, 1978. The dyeing and tanning materials to which this bill relates consist of logwood, canaigre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia. Dyeing and tanning materials are used primarily by the leather industry to convert rawhides and skins into leather. They are also used by the oil well drilling industry as a thinner for fluids used in rotary drilling operations.

There has been little or no domestic production of most vegetable tanning and dyeing extracts for many years. The only vegetable tanning material which has been produced in the United States in significant quantities is chestnut tanning extract. Domestic production has steadily declined with the continued decline in the number of chestnut trees. Consequently the United States depends on imports for virtually all its requirements of vegetable tanning extracts. The committee believes that the elimination of the duty on the dyeing and tanning materials would help American tanners to compete more effectively with foreign leather producers and provide benefits to consumers by holding down the price of leather.

Under the bill, both the column 1 the nondiscriminatory or "most-favored-nation" and column 2 (non-MFN) rates of duty would be eliminated on Tariff Schedules of the United States (TSUS) items 470.15, 470.23, 470.25, 470.55, 470.57, and 470.65. The column 1 rates of duty on these items range from free to 6 percent ad valorem; the column 2 rate of duty is 15 percent on all items.

During 1977, imports of dyeing and tanning materials classified under items 470.15, 470.23, 470.25, 470.55, 470.57, and 470.65 of the TSUS were approximately 56.6 million pounds valued at \$9.8 million. Imports were primarily from Argentina, Brazil, Paraguay, Peru, and France.

The Subcommittee on International Trade held a public hearing on H.R. 11409 on July 31, 1978. No objections to the bill were heard. Reports favoring H.R. 11409 were received from the Departments of Commerce and the Treasury.

B. CERTAIN FIELD GLASSES, OPERA GLASSES, AND PRISM BINOCULARS

Section 2 of H.R. 11409, as amended, which contains the substance of S. 3387, is a committee amendment which would add new item 912.06 to the appendix to the TSUS temporarily suspending (through December 31, 1979) the duty on column 1 (MFN) imports of field glasses, opera glasses, and prism binoculars, not designed for use with infrared light.

These products are now dutiable under TSUS items 708.51 and 708.52 at column 1 rates of 8.5 percent and 20 percent ad valorem, respectively. Column 1 imports under both items are eligible for duty-free treatment if imported from a designated beneficiary developing country under the generalized system of preferences.

There is no U.S. production of the imported articles. The bulk of imports are from Japan. During 1977, the value of imports was \$36 million.

The Subcommittee on International Trade held a public hearing on S. 1519, a bill similar in scope to the committee amendment, on July 14, 1977. This bill, whose substance was reported favorably by the committee, passed the Senate as an amendment to H.R. 1904, 95th Congress, 1st session, but was not accepted by the House. S. 1519 would have included not only the items covered by the committee amendment, but also telescopes. Favorable testimony on S. 1519 was heard, but the Departments of State, of the Treasury, and of Commerce opposed enactment of S. 1519, citing the desire to maintain the existing GSP preference and a desire to secure in the multilateral trade negotiations (MTN) concessions from Japan in return for reduced duties on these articles. The committee believes the short period of the duty suspension provided for in the committee amendment will not reduce the value of any U.S. concessions of a permanent nature negotiated in the MTN.

IV. COST OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the committee estimates that the annual customs revenue loss resulting from the enactment of the first section of H.R. 11409 will be approximately \$200,000. The committee estimates the revenue effect of section 2 of the bill to be an annual loss of approximately \$5.4 million.

V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that H.R. 11409, as amended, will not regulate any individuals or business.

VI. VOTE OF THE 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 a voice vote.

VII. 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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SCHEDULE 4.—CHEMICALS AND RELATED PRODUCTS

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PART 9.—DYEING AND TANNING PRODUCTS; PIGMENTS AND PIGMENT-LIKE MATERIALS, INKS, PAINTS, AND RELATED PRODUCTS

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Item	Articles	Rates of duty	
		1	2
SUBPART A.—DYEING AND TANNING PRODUCTS			
470.15	Other.....	4% ad val.	15% ad val.]
	Other;		
470.16	Logwood.....	Free.....	Free.
470.18	Other.....	4% ad val.	15% ad val.
	Canaigre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, and tara:		
470.20	Crude or processed.....	Free.....	Free.
	Other:		
470.23	Chestnut, divi-divi, and hemlock.....	Free.....	[15% ad val.] Free.
470.25	Other.....	[6% ad val.] Free.	[15% ad val.] Free.
	Mangrove, myrobalan, oak, quebracho, sumac, urunday, and wattle:		
	Crude or processed.....		
	Other:		
470.55	Myrobalan and sumac.....	[2.5% ad val.] Free.	[15% ad val.] Free.
470.57	Other.....	[3.5% ad val.] Free.	[15% ad val.] Free.
	Valonia:		
470.60	Crude or processed.....	Free.....	Free.
470.65	Other.....	Free.....	[15% ad val.] Free.

APPENDIX TO THE TARIFF SCHEDULES

PART I.—TEMPORARY LEGISLATION

Item	Articles	Rates of Duty		Effective period
		1	2	
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.
912.08	Field glasses, opera glasses, and prism binoculars, not designed for use with infrared light (provided for in item 708.51 or 708.52, part 2A, schedule 7).....	Free.....	No change....	On or before 12/31/79.