

AMENDING CERTAIN ADMINISTRATIVE PROVISIONS OF
THE TARIFF ACT OF 1930

JANUARY 5 (calendar day, MARCH 8), 1938.—Ordered to be printed

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

REPORT

[To accompany H. R. 8099]

The Committee on Finance, to whom was referred the bill (H. R. 8099) to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes, having had the same under consideration, report it back to the Senate with amendments and recommend that the bill do pass.

The amendments proposed by your committee are as follows:

Page 1, line 4, strike out "1937" and insert in lieu thereof "1938".

Page 1, line 5, strike out "and 557" and insert in lieu thereof "557, and 562"; and in line 7, strike out "and 1557" and insert in lieu thereof "1557 and 1562".

Page 1, line 9, strike out the words "Supp. II" and insert in lieu thereof "Supp. III".

Page 2, at the end of line 1, insert "and before the words 'or the island of Guam'".

These are technical perfecting amendments.

Page 2, line 15, strike out the last word "The" and insert in lieu thereof the following: "Except when the method of marking an article is specifically provided in this Act, the".

The purpose of this amendment is to exempt from the marking provisions of section 304 of the Tariff Act of 1930, as amended by section 3 of H. R. 8099, certain articles subject to special marking requirements under other provisions of that Act.

Page 2, line 21, strike out the last word "the" and insert in lieu thereof the words "any reasonable".

Page 2, line 24, after the word "other" insert the word "reasonable".

Page 2, line 24, delete the word "whatsoever" and the word "the" and insert in lieu of the last-mentioned word the words "a reasonably conspicuous".

Page 3, line 2, delete the word "mark" and insert in lieu thereof the word "marking".

The purpose of these amendments is to overcome an objection that subsection (a) (1) in section 3 of the bill gives the Secretary of the Treasury a nonreviewable discretion.

Page 4, line 23, after the word "origin" insert a colon and the following:

Provided, That this subdivision (J) shall not apply to sawed lumber and timbers, telephone, trolley, electric-light, and telegraph poles of wood, and bundles of shingles.

The purpose of this amendment is to provide that subsection (a) (3) (J) in section 3 of the bill, which authorizes the Secretary of the Treasury under certain circumstances to except articles from the marking requirements, shall not apply to sawed lumber, etc.

Page 5, line 17, insert after the period the following:

Usual containers in use as such at the time of importation shall in no case be required to be marked to show the country of their own origin.

This amendment is self-explanatory.

Page 7, line 1, insert after the third word "section" the following: "or until the amount of duty estimated to be payable under subsection (c) of this section has been deposited".

The purpose of this amendment is to remove any possible objection to the delivery of appraisers' packages even though it is impossible to mark certain articles of the importation which have been released from customs custody provided that the importer has deposited the 10 percent extra duty which would apply in that case.

Page 7, line 25, insert "(A)" after the first word "residents" and on page 8, line 1, insert "(B)" after the word "or".

These are technical perfecting amendments.

Page 7, line 22, strike out the words "teams and saddle" and insert in lieu thereof the word "and".

Page 8, line 10, page 8, line 15, and page 8, line 16, insert the word "horses," before the word "vehicles". Page 8, line 18, and page 8, line 20, insert the word "horse," before the word "vehicle".

These amendments will permit the Secretary of the Treasury to defer for 90 days the exaction of a bond in the case of temporary free importation of horses, or for 6 months in the case of horses entering the United States from any country which accords a similar privilege to horses from the United States. This will make the law with respect to temporary free importations of horses uniform with that governing such importations of vehicles and craft.

Page 9, line 14, insert the following new section:

Sec. 5. (a) Section 309 of the Tariff Act of 1930 (U. S. C., 1934 edition, title 19, sec. 1309) is hereby amended to read as follows:

"SEC. 309. SUPPLIES FOR CERTAIN VESSELS AND AIRCRAFT.

"(a) EXEMPTION FROM CUSTOMS DUTIES AND INTERNAL-REVENUE TAX.—Articles of foreign or domestic manufacture or production may, under such regulations as the Secretary of the Treasury may prescribe, be withdrawn from bonded warehouses or bonded manufacturing warehouses free of duty or internal-revenue tax for supplies (not including equipment) of vessels of war, in ports of the United States, of any nation which may reciprocate such privilege toward the vessels of war of the United States in its ports, or for supplies (not including equipment) of vessels employed in the fisheries or in the whaling business, or actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United

States or between the United States and any of its possessions, or for supplies (not including equipment) of aircraft registered in the United States and actually engaged in foreign trade or trade between the United States and any of its possessions, or for supplies (including equipment), maintenance, or repair of aircraft registered in any foreign country and actually engaged in foreign trade or trade between the United States and any of its possessions, where such trade by foreign aircraft is permitted.

“(b) **DRAWBACK.**—Articles withdrawn from bonded warehouses or bonded manufacturing warehouses and articles of domestic manufacture or production, laden as supplies upon any such foreign vessel or any such vessel or aircraft of the United States or laden as supplies (including equipment) upon, or used in the maintenance or repair of, any such foreign aircraft, shall be considered to be exported within the meaning of the drawback provisions of this Act.

“(c) **ARTICLES REMOVED IN, OR RETURNED TO, THE UNITED STATES.**—Any article exempted from duty or tax, or in respect of which drawback has been allowed, under this section or section 317 of this Act and thereafter removed in the United States from any vessel or aircraft, or otherwise returned to the United States, shall be treated as an importation from a foreign country.

“(d) **RECIPROCAL PRIVILEGES.**—The privileges granted by this section and section 317 of this Act in respect of aircraft registered in a foreign country shall be allowed only if the Secretary of the Treasury shall have been advised by the Secretary of Commerce that such foreign country allows, or will allow, substantially reciprocal privileges in respect of aircraft registered in the United States. If the Secretary of Commerce shall advise the Secretary of the Treasury that a foreign country has discontinued, or will discontinue, the allowance of such privileges, the privileges granted by this section and such section 317 shall not apply thereafter in respect of aircraft registered in that foreign country.”

(b) Section 317 of the Tariff Act of 1930 (U. S. C.; 1934 edition, title 19, sec. 1317, and title 26, sec. 897 (b)) is amended by changing the caption thereof to read “**TOBACCO PRODUCTS—SUPPLIES FOR AIRCRAFT.**”; by designating the present paragraph thereof as subsection (a); and by adding thereto a new subsection (b) to read as follows:

“(b) The shipment or delivery of any merchandise for use as supplies (including equipment) upon, or in the maintenance or repair of, aircraft registered in any foreign country and actually engaged in foreign trade or trade between the United States and any of its possessions, where such trade by foreign aircraft is permitted, shall be deemed an exportation within the meaning of the customs and internal-revenue laws applicable to the exportation of such merchandise without the payment of duty or internal-revenue tax.”

(c) This section shall take effect on the day following the enactment of this Act.

The purpose of this amendment, which is more fully explained hereafter in the section-by-section analysis of the bill, is to remove a conflict with certain treaty obligations of the United States and to encourage the development of international aviation.

Page 14, line 23, after the words “public interest” add the following sentence:

“Vessel” or “vehicle” as used herein shall not be construed to include a highway bridge or a highway tunnel, nor shall the maintenance or operation of such a bridge or of such a tunnel constitute the owner or operator thereof a common carrier within the meaning or application of this section.

The purpose of this amendment is to assure the continuance of free customs services on highway bridges and highway tunnels.

Page 18, line 1, insert the following new section:

SEC. 13. Section 485 (f) of the Tariff Act of 1930 (U. S. C., 1934 edition, title 19, sec. 1485 (f)) is hereby amended by changing the last comma therein to a period; by striking out the words “or by any other person specifically authorized by any officer of such corporation to make the same”; and by inserting in lieu of the deleted words a new sentence to read as follows:

“Whether the consignee is an individual, a partnership, or a corporation, the declaration may be made by any person who has knowledge of the facts and who is specifically authorized by such individual, a member of such partnership, or an officer of such corporation to make such declaration.”

The purpose of this amendment is to permit the signing of consignees' declarations by agents of individuals or partnerships. At the present time such declarations may be signed by agents only if the consignee is a corporation.

Page 20, line 1, after the semicolon insert the following:

by adding after the third sentence thereof the following new sentence: "All such special regulations or instructions shall be published in the weekly Treasury Decisions within 15 days after issuance and before the liquidation of any entries affected thereby.";

The purpose of this amendment is to insure that importers will be informed of any special instructions issued by the Secretary of the Treasury pursuant to section 499 of the Tariff Act of 1930, as amended by the bill.

Page 20, line 8, insert after the word "appraisement" the words "made after the effective date of the Customs Administrative Act of 1938".

The purpose of this amendment is to provide that subsection (a) of section 16 shall not be retroactive.

Page 20, line 21, strike out all matter commencing with "(b)" down to and including the word "section" on page 21, line 24, and insert in lieu thereof the following:

(b) Section 501 of the Tariff Act of 1930 (U. S. C., 1934 edition, title 19, sec. 1501) is hereby amended by striking out the fourth sentence of the first paragraph thereof and inserting in lieu thereof the following: "Every such appeal shall be transmitted with the entry and the accompanying papers by the collector to the United States Customs Court and shall be assigned to one of the judges, who shall in every case, notwithstanding that the original appraisement may for any reason be held invalid or void and that the merchandise or samples thereof be not available for examination, after affording the parties an opportunity to be heard on the merits, determine the value of the merchandise from the evidence in the entry record and that adduced at the hearing."; and such section 501 is further amended by designating the present two paragraphs thereof as subsections (a) and (b), respectively, and by adding after such subsections a new subsection (c) to read as follows:

"(c) If upon the hearing of a protest, the United States Customs Court shall declare an appraisement of merchandise made after the effective date of the Customs Administrative Act of 1938 to have been invalid or void, it shall remand the matter to a single judge, who shall proceed to determine the proper dutiable value of such merchandise in the manner provided for by this section. In such proceeding no presumption of correctness shall attach to the invoice or entered values."

This is a technical perfecting amendment.

Page 25, line 23, add the following sentence:

Every proceeding arising under this subsection shall be given precedence over other cases on the dockets of the United States Customs Court and the United States Court of Customs and Patent Appeals, and shall be assigned for hearing and trial at the earliest practicable date and expedited in every way.

The purpose of this amendment is to give protests under section 516 (b) of the Tariff Act of 1930 a preferred status on the dockets of the customs courts.

Page 26, line 10, insert after the word "commenced" the words "by the filing of a complaint".

The purpose of this amendment is to resolve any question as to when proceedings are commenced under section 516 (b) of the Tariff Act of 1930.

Page 28, line 18, insert the following new section:

SEC. 19. (a) Section 523 of the Tariff Act of 1930 (U. S. C., 1934 edition, title 19, sec. 1523) is hereby amended by deleting the third paragraph thereof.

(b) Section 2626 of the Revised Statutes, as amended (U. S. C., 1934 edition, title 19, sec. 39), is hereby repealed.

The purpose of these amendments is to eliminate those provisions of existing law which require comptrollers in effect to duplicate certain work of collectors.

Page 30, line 4, add the following sentence:

Nothing in this section shall be construed to limit or restrict the jurisdiction of the United States Customs Court or the United States Court of Customs and Patent Appeals.

This amendment is designed only to put at rest all doubts as to the purpose of section 21.

Page 30, line 15, strike out the matter beginning with the word "If" down through and including the word "hire" in line 22.

The purpose of this deletion is to eliminate a provision which would permit manufacturers and dealers to caravan automobiles between foreign points through the United States even though there are common-carrier facilities available.

On page 31, line 1, immediately preceding the words "or for" insert "or elsewhere,".

This will eliminate a possible objection to the withdrawal of goods from warehouse for transportation and rewarehousing in customs bonded warehouses established elsewhere than within the limits of a port of entry.

Page 34, line 7, insert the following new section:

SEC. 26. Section 562 of the Tariff Act of 1930 (U. S. C., 1934 edition, title 19, sec. 1562) is amended by adding the following new sentence at the end thereof: "Under such regulations as the Secretary of the Treasury shall prescribe, imported merchandise which has been entered and which has remained in continuous customs custody may be manipulated in accordance with the provisions of this section under customs supervision and at the risk and expense of the consignee, but elsewhere than in a bonded warehouse, in cases where neither the protection of the revenue nor the proper conduct of customs business requires that such manipulation be done in a bonded warehouse."

The purpose of this amendment is to permit importers, under certain circumstances, to manipulate merchandise elsewhere than in a bonded warehouse.

Page 39, line 1, insert after the words "in lieu of" the words "sureties on".

This is a technical perfecting amendment.

Page 39, line 5, insert the following new section:

SEC. 32. Paragraph 741 of the Tariff Act of 1930 (U. S. C., 1934 edition, title 19, sec. 1001, par. 741) is hereby amended by deleting the words "in packages weighing with the immediate container" and inserting in lieu thereof the words "packed in units of any description weighing (with the immediate container, if any)".

The purpose of this amendment is to effect the original intent of Congress as to the rate of duty applicable where dates are packed in a certain manner.

Immediately after the foregoing new section, insert the following new section:

SEC. 33. Paragraph 813 of the Tariff Act of 1930 (U. S. C., 1934 edition, title 19, sec. 1001, par. 813) is hereby amended by deleting the word "five" and inserting in lieu thereof the word "thirty".

The purpose of this amendment is to extend from 5 to 30 days after the delivery of liquors the period during which verification of loss must be made by an affidavit of the importer.

Page 42, line 17, insert "(a)" after the section number and add the following subsection on line 21:

(b) Paragraph 1115 (b) of the Tariff Act of 1930 (U. S. C., 1934 edition, title 19, sec. 1001, par. 1115 (b)), as modified by the President's proclamation of March 16, 1931 (Proclamation Numbered 1941, 47 Stat. 2438), is hereby amended by striking out the words "manufactured wholly or in part of wool felt" and inserting in lieu thereof the words "wholly or in chief value of wool but not knit or crocheted nor made in chief value of knit, crocheted, or woven material."

The purpose of this amendment is to correct a ruling of the customs courts and effect the original intent of the Congress.

Page 46, line 11, strike out the words "Supp. II" and insert in lieu thereof "Supp. III".

This is a technical perfecting amendment.

Page 46, line 17, insert after the word "gallon" and within the parenthesis the words "and including not more than one hundred cigars".

The purpose of this amendment is to limit to one hundred the number of cigars which may be imported free of duty under the \$100 exemption accorded returning residents of the United States by the Tariff Act of 1930.

GENERAL STATEMENT

The primary purpose of H. R. 8099, a bill to amend certain administrative provisions of the Tariff Act of 1930, and for other purposes, is to remove certain statutory obstacles to the efficient administration of the customs laws by the Customs Service of the Treasury Department. As its title indicates, the bill is an administrative bill. It does not deal with duty rates and all attempts to make duty amendments to it were vigorously repelled by your committee, as they were in the House by the Ways and Means Committee. The enactment of H. R. 8099 has been strongly recommended to Congress by the Treasury Department and the bill is in accord with the program of the President.

A subcommittee of the Finance Committee held extensive public hearings on H. R. 8099, at which representatives of the Treasury Department, domestic industries, and American importers appeared and testified. A considerable number of amendments were proposed to the bill at these hearings. The Finance Committee carefully sifted the proposed amendments and adopted those which it believed to be meritorious. These have been set out above.

As the bill is now reported, all controversies between particular groups interested in this legislation have been minimized and there remain but few provisions concerning which there is any difference of opinion.

As stated, the primary purpose of H. R. 8099 is to facilitate efficient administration of the customs laws. It cannot be termed an importers' bill nor can it be characterized as a domestic manufacturers' bill. Such benefits as will accrue to either group are purely incidental to an increase in administrative efficiency. Besides the primary purpose of facilitating more efficient administration of the customs laws, the other major purposes of H. R. 8099 may be briefly summarized as follows:

(1) To restate the customs and other laws with the administration of which the Customs Service is charged, in certain instances where this may be profitably done in such a manner as will simplify their interpretation and administration.

(2) To fill in gaps in existing law to relieve administrative difficulties.

(3) To suppress abuses which have, in a few instances, grown up under existing law, and which cannot be corrected by administrative practice.

(4) To liberalize the laws in certain desirable respects where this will facilitate administrative efficiency without jeopardizing the revenue of the United States or the interests of the public.

ANALYSIS OF THE BILL

Section 1: This section gives the act a short title, the "Customs Administrative Act of 1938."

Section 2: This section excludes Wake Island, Midway Islands, and Kingman Reef from territory in which our general tariff laws are applicable. Supplies are to be landed on these islands for an American commercial air line and its employees but not for commercial purposes and the expense of customs administration would not be justified.

Section 3: This section is a revision of the law requiring imports to be marked to indicate the country of their origin. Section 3 requires each imported article, or its container, to be marked in a conspicuous place to inform the ultimate purchaser as to the origin of the article, eliminating the present requirement that the article and its immediate container and the outer package be marked. It eliminates the question as to whether marking requirements are mandatory or discretionary by definitely making them mandatory. It provides exceptions for marking requirements where such exceptions can be justified on the basis of administrative experience. It provides that the 10 percent additional marking duty shall not apply if goods are marked after importation but before entry into the commerce of this country. It retains the penal provisions against defacing or obliterating marking to indicate the origin of imports.

Section 4: This section extends the privilege of temporary free importation under bond to include (1) all articles to be exported after being changed in condition otherwise than by alteration or repair but not in such manner that drawback of duty could be obtained on exportation; (2) private automobiles, motorcycles, etc., to be used for business purposes; (3) locomotives or other railroad equipment temporarily brought into the United States to meet an emergency; (4) professional equipment, tools of trade, and camping equipment to be used temporarily by nonresidents; and (5) articles of special design for temporary use exclusively in connection with the manufacture or production of articles for export.

Section 4 also extends the present practice of permitting the Secretary of the Treasury to defer for 90 days the exaction of a bond in the case of temporary free importations of horses, automobiles, and boats so as to permit the Secretary to defer requiring such a bond for 6 months in the case of any horse, automobile, or boat entering the United States from any country which accords a similar privilege to horses, automobiles, and boats from the United States.

Section 5: This section (a Senate committee amendment) extends the exemptions from customs duties and internal-revenue tax on articles of foreign or domestic manufacture or production withdrawn from bonded warehouses or bonded manufacturing warehouses for supplies (not including equipment) to foreign vessels employed in cer-

tain classes of trade in order to remove a conflict with certain treaty obligations of the United States, for example, with Norway. It also authorizes the duty-free and tax-free withdrawal of imported articles for supplies (not including equipment) of aircraft registered in the United States and engaged in certain classes of trade, or for supplies (including equipment), maintenance, or repair, of foreign aircraft engaged in such classes of trade. The privilege is extended to foreign aircraft on a basis of reciprocity.

Section 5 also extends full drawback privileges to supplies (not including equipment) for the foreign and domestic vessels and domestic aircraft and to supplies (including equipment) and articles for maintenance or repair of the foreign aircraft.

The section provides for assessment of duties and taxes on articles in connection with which the drawback or exemption privileges of section 309 or of section 317 of the tariff act (relating to exemption from internal-revenue taxes) have been allowed and which shall thereafter be returned to the United States.

Section 317 of the tariff act is amended to conform to section 309.

Section 6: This section revises existing law to state the established rule that when duties on imports depend upon the quantity of goods imported, such quantity is to be ascertained as of the time of importation, except where the law makes other provision for special cases.

Section 6 also provides that no administrative ruling resulting in the imposition of a higher rate of duty or charge except under the Anti-Dumping Act shall be effective prior to the expiration of 30 days after the date such ruling is published.

Section 7: This section authorizes existing practices under which collectors of customs disregard differences of less than \$1 between the total duties or taxes deposited or tentatively assessed and the amount of duties actually accruing.

It also gives collectors discretionary authority to admit articles free when the expense and inconvenience of collecting duty would be disproportionate to the amount of such duty, but not exceeding \$5 worth of goods in any one day in the case of articles accompanying, and for the personal or household use of, persons arriving in the United States or \$1 in any other case. This is in accord with the present practice.

Section 8: This section amends the definitions of bases of valuation to be used for customs appraisals to eliminate the requirement established by a recent court decision that sales to third countries must be considered by appraisers.

Section 9: This section provides for the payment of overtime compensation in all cases where customs employees perform services outside regular hours of business for private interests, the expense to be borne by the person requesting such services. Such compensation is now authorized in most, but not all, such cases. Services on highway bridges and tunnels are excepted since such services are performed by customs employees on regular tours of duty.

Section 10: This section restates patchwork law in a clearer manner and covers gaps in existing law by imposing penalties on persons who bring in merchandise from a contiguous country otherwise than in a vessel or vehicle and do not report the arrival of such merchandise to customs, or who fail to obtain a permit from customs before proceeding inland, or who carry passengers beyond a customs station without reporting.

Section 11: This section adds a new provision to the Tariff Act to authorize the inspection, examination, and search of persons, baggage, or merchandise discharged or unladen from a vessel arriving in the United States or the Virgin Islands from a foreign port or place or from a port or place in any Territory or possession of the United States, whether directly or via another port or place in the United States or the Virgin Islands, and whether or not any or all of such persons' baggage or merchandise has previously been examined or inspected by customs officers.

Section 12: This section authorizes the Secretary of the Treasury to permit separate entries for portions of one shipment of imported merchandise. A single entry for each shipment has heretofore been required.

Section 13: This section (a Senate committee amendment), provides that agents of individuals or partnerships may sign consignees' declarations, where such agents have actual knowledge of the facts alleged in the declaration. Under existing law such declarations may be signed by agents only if the consignee is a corporation.

Section 14: This section restates existing law providing that imported merchandise for which entry has not been completed within 1 year shall be regarded as abandoned to the Government, and covers the administrative practice of permitting such merchandise and merchandise regarded as abandoned because not withdrawn from warehouse within the statutory period to be released to the consignee upon payment of duties and charges at any time prior to sale. It also settles any doubt as to when certain classes of goods are to be regarded as abandoned and as to the rate of duty applicable when the law is changed between the date of abandonment and the date of release to the consignee.

Section 15: This section makes express provision for requiring a bond to insure compliance with all laws and regulations (governing the admission of merchandise into the commerce of the United States) with respect to the packages of an importation which are released to the importer before examination and appraisement is made on the basis of the representative packages retained for that purpose.

Section 16: This section provides that a special regulation or instruction permitting examination of less than the usual 10 percent of each importation may be applicable at one or more ports, to one or more importations, or to one or more classes of merchandise. Court rulings that such regulations under existing law must have general application have seriously interfered with customs administration. Section 16 also provides that no appraisement shall be held invalid because less than the statutory quantity of merchandise was examined unless the party claiming such invalidity can show that an incorrect appraisement resulted from the failure to examine additional goods.

It provides further that when the appraisement of an importation is held to be invalid, the United States Customs Court must find the proper dutiable value of the goods.

Section 17: This section revises the law with respect to protests by American manufacturers, producers, and wholesalers against rates of duty assessed on imports competing with their products. Under the new law importers may import their merchandise upon payment of duties in accordance with Treasury findings until a prima facie case against the correctness of such findings is made by a judicial decision

adverse to the Treasury's findings. Such protests are given a preferred status on the dockets of the customs courts.

Section 18: This section restates the law with respect to refunds and errors, with minor changes designed to express more precisely the established interpretation of existing law. It places a 1-year limitation upon the time within which an erroneous assessment of duty on personal or household effects may be corrected without a formal protest having been filed.

Section 19: This section (Senate committee amendment) repeals those provisions of existing law which require comptrollers in effect to duplicate the work of collectors by verifying all assessments of duties and allowances of drawbacks made by collectors in connection with the liquidation thereof. It provides a legal means whereby unnecessary duplication can be avoided. This elimination of work duplication will release manpower for the performance of essential functions, without increasing appropriations for such purposes and will expedite the closing of customs transactions. The amendment does not contemplate or authorize the discontinuance of the offices of comptrollers of customs or any reduction of customs personnel.

Section 20: This section provides that the expenses of customs officers in connection with admeasurement of vessels at places other than a customs port of entry shall be borne by the owners of the vessels, and that all reimbursements of expenditures from customs appropriations shall be deposited to the credit of the appropriation from which they were paid.

Section 21: This section provides that taxes on imports shall be construed to be customs duties only if the law under which they are imposed provides that they shall be treated as customs duties. In a recent case an internal-revenue tax was held to be a duty for the purpose of an exemption provided in the tariff law that had never before been construed to apply to an internal-revenue tax. This section is designed to overrule that case and its serious implications. It is not aimed at the jurisdiction of the customs courts and to allay fears which have been expressed in this respect this section provides that it shall not be construed to limit or restrict the jurisdiction of the United States Customs Court or the United States Court of Customs and Patent Appeals.

Section 22: This section authorizes the Secretary of the Treasury to permit merchandise in transit through the United States, now required to be carried by a common carrier, to be carried otherwise than by a common carrier if no common-carrier facilities are reasonably available.

Section 23: This section expressly provides for existing administrative practices with respect to the transfer of the right to withdraw imports entered for warehouse; provides that such transfers shall be irrevocable in defined circumstances; and defines the customs rights of the transferee. A provision is also incorporated covering the administrative practice of permitting merchandise to be withdrawn for transfer to another bonded warehouse at the same port.

The words "or elsewhere," (added by a Senate committee amendment) will eliminate a possible objection to the withdrawal of goods from warehouse for transportation and rewarehousing in customs bonded warehouses established elsewhere than within the limits of a port of entry. There are at the present time several customs bonded warehouses established elsewhere than within the limits of ports of

entry, including certain grazing areas bonded for the storage of livestock.

Section 23 also authorizes the refund of full duties when merchandise is exported on which duties have been paid and which has remained continuously in customs custody while in this country. Present law authorizes the refund of only 99 percent of the duties. The change will eliminate an administrative problem and make the provision affected conform with the provision of present law authorizing the refund of 100 percent of duties when duty-paid merchandise is destroyed under customs supervision.

Section 24: This section eliminates the provision in existing law (first adopted in the 1930 Tariff Act) limiting the storage of imported grain in bonded warehouses to a period of 10 months. It will thus place imported grain in the same status as other imported merchandise by extending the permissible storage period in bonded warehouses to 3 years. The 10-month limitation was originally adopted to afford more storage space for domestic grain. In recent years, with smaller crops, there has been little justification for the limitation. Section 24 will apply to grain imported prior to its effective date as well as thereafter.

Section 25: This section restates the law prohibiting the refund or remission of duties by reason of exportation after imports are released from customs custody to include exceptions established by court decisions and administrative practices.

Section 26: This provision (a Senate committee amendment) permits importers under certain circumstances to manipulate merchandise elsewhere than in a bonded warehouse. The requirement in section 562 of the Tariff Act of 1930 that the manipulation of imported merchandise authorized therein be done in bonded warehouses established for that purpose has subjected importers to expense not necessary for the protection of the revenue. This provision remedies this situation and will facilitate the movement and handling of imported merchandise with safety to the revenue and without interference with the proper conduct of customs business.

Section 27: This section covers a gap in existing law by making it a crime for any unauthorized person to put a customs seal, fastening, or mark on any warehouse or package containing merchandise or baggage, or willfully to assist or encourage another so to do.

Section 28: This section amends the law relating to reports by customs field officers of violations of law to provide that such reports shall be made to the United States attorney only if action by him will be required, and to eliminate a requirement that such reports be made to the Solicitor of the Treasury, an office which has been abolished.

Section 29: This section amends the law relating to the disposition of customs seizures to conform to recent laws prohibiting the sale at auction of certain classes of seized goods.

Section 30: This section changes the law relating to disposition of the proceeds from the sale of customs seizures to eliminate any basis for a claim that any part of such proceeds is available to cover duties on the seized goods, which can be collected from the importer, and thereby relieve the importer from liability for duties.

Section 31: This section further clarifies the authority of the Secretary to exact security in cases where no express statutory authority exists to include cases not only where such bonds are required for

the protection of the revenue but also in order to assure compliance with noncustoms laws and regulations enforced by customs officers.

It provides that a consolidated bond (single entry or term), in lieu of separate bonds, may be taken to assure compliance with two or more provisions of law. It authorizes cancellation of a bond in the event of a breach of a condition thereof without payment of any penalty in cases where a violation is entirely a technical one or without any real culpability on the part of the importer.

Section 32: This provision (a Senate committee amendment) is designed to overcome a ruling that where several brick-like units of dates, each weighing less than 10 pounds, are packed in one container, such dates are not subject to the duty now provided in paragraph 741 of the Tariff Act of 1930 for dates "in packages weighing with the immediate container not more than 10 pounds each." This provision will effect the original intent of the Congress that the packing of dates under sanitary conditions in this country should be encouraged.

Section 33: This provision (a Senate committee amendment) extends from 5 to 30 days after delivery of liquors the period during which verification of loss must be made by an affidavit of the importer.

Section 34: Existing law provides that certain kinds of wool may be admitted without payment of duty under bonds conditioned upon the production within 3 years of proof that the wool so admitted has been used in the manufacture of carpets or other enumerated articles. If such proof is not so furnished, regular duties accrue, and if the wool has been used in the manufacture of other articles, a penalty of 50 cents per pound also accrues.

Two principal difficulties have been encountered in the administration of this statute, (1) the practical impossibility of identifying the articles made from particular lots of imported wool so that the time limitation in the statute may be observed; and (2) the difficulty of determining whether certain products resulting from the processing of imported wool into carpets or other enumerated articles are normal wastes so that the wool represented by such products may be considered to have been used in the manufacture of the enumerated articles, in compliance with the conditions of the bond.

Section 34 is reported by the Senate Finance Committee in the same form in which it passed the House. It is designed to continue the policy indicated by the Congress in the 1922 and 1930 Tariff Acts and consistently applied by the Treasury Department since 1922. It does not apply duties to products heretofore exempted from duty, nor does it grant any new exemptions. Its sole purpose is to eliminate administrative difficulties and to restate the law in a manner susceptible of practical administration.

Section 34 will (1) eliminate the present requirement that proof be furnished within a specific time as to the identified use of particular importations and substitute in lieu thereof a system of control by bonds, penalties, and regulations to prevent the use at any time of conditionally free importations otherwise than in the manufacture of the enumerated articles unless full duties are promptly paid; and (2) establish with certainty the tariff status of all byproducts and residues not used in making the enumerated articles by prescribing the duties to be imposed upon such materials, unless they are wastes in such condition that such use is in the usual course of manufacture commercially impracticable.

The section also authorizes the continuance of the existing administrative practice of assessing duty on noils (a type of commercial usable long staple waste) diverted from manufacture of the enumerated articles.

Section 35: Subsection (a) of this section eliminates the phrase "of blanketing", from paragraph 1111 of the Tariff Act of 1930. This will correct a ruling of the customs courts holding that steamer rugs were excluded from classification under paragraph 1111 because the blanketing material of which they were composed had had no separate existence as blanketing before the rugs were made. The change will continue the administrative practice of several years and effect the original intent of the Congress.

Subsection (b) of this section (a Senate committee amendment) is designed to permit wool felt hat bodies to be assessed under the rate provided for in paragraph 1115 (b) as had been the practice since the enactment of the 1930 Tariff Act until a very recent decision of the United States Court of Customs and Patent Appeals, holding that in the production of certain wool felt hat bodies, wool felt did not exist as an entity until the completion of the hat bodies and that accordingly, since such hat bodies were not "manufactured wholly or in part of wool felt" they were assessable under paragraph 1115 (a) rather than 1115 (b). The amendment, which is very similar to that made by subsection (a) of section 35, will effect the original intent of Congress.

Section 36: This section consolidates the tariff provisions relating to the free entry of American goods returned after having been exported. It eliminates the present requirement that to be entitled to free entry the goods must be imported by or for the account of the person who exported them. It extends the privilege of free return of containers of merchandise to new kinds of containers of foreign origin which have once paid duty. It provides that domestic products exported with benefit of drawback of duties paid on component materials or without payment of internal-revenue taxes may be returned under conditions no less favorable than those applicable at the time of importation to like articles of foreign origin. It extends the treatment now accorded articles exported to be repaired to articles exported to be altered.

Section 37: This section restates existing law relating to the free entry of articles not exceeding \$100 in value brought in by returning residents to conform with certain decisions of the courts; to facilitate the identification of merchandise entitled to free entry; and to require absence from the United States for not less than 48 hours before the privilege of free entry may be enjoyed. This section (under a Senate committee amendment) will also limit to 100 the importation of cigars by returning residents duty free under the \$100 exemption. This is comparable to the limitation in existing law that only 1 wine gallon of liquor can be brought in under the \$100 exemption.

Section 38: This section provides that the bill shall be effective 30 days after its enactment except as otherwise provided in the bill.