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SENATE

{ REPORT
No. 1932

IMPORTATION OF RED CEDAR SHINGLES

JUNE 21, 1940.—Ordered to be printed

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

R E P O R T

[To accompany H. R. 9765]

The Committee on Finance, to whom was referred the bill (H. R. 9765) to provide for exercising the right with respect to red-cedar shingles reserved in the trade agreement concluded November 17, 1938, between the United States of America and Canada, and for other purposes, having had the same under consideration, report it favorably without amendment and recommend that the bill do pass.

The purpose of the bill is fully explained in the report of the House Committee on Ways and Means, which is attached hereto and made a part of this report.

[H. Rept. No. 2638, 76th Cong., 3d sess.]

The Committee on Ways and Means, to whom was referred the bill (H. R. 9765) to provide for exercising the right with respect to red-cedar shingles reserved in the trade agreement concluded November 17, 1938, between the United States of America and Canada, and for other purposes, having had the same under consideration, report it back to the House without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The production of red-cedar shingles is limited to the Puget Sound area and British Columbia. They were placed on the free list in 1913 and have remained there ever since. With the organization of the National Recovery Administration and a code for domestic shingle producers, the domestic industry requested protection from imports from Canada. Following an investigation by the United States Tariff Commission under section 3 (e) of the National Recovery Act in 1934, recommendation was made to establish a quota on imports of shingles equivalent to 25 percent of United States consumption, but a voluntary arrangement made by the Canadian industry with their Government by which exports to the United States were limited to approximately that figure made the imposition of the quota by the United States unnecessary. The National Recovery Act was declared unconstitutional in 1935, and almost immediately thereafter the limitation upon exports imposed by Canada was abandoned.

In the first trade agreement with Canada, effective January 1, 1936, the United States reserved the right to impose a fixed quota on imports of shingles, and section 811 of the Revenue Act of 1936 made this reservation effective by the

imposition of an import quota equal to 25 percent of the combined total of shipments of shingles by producers in the United States, plus imports of such shingles during the preceding half year. Under this section semiannual quotas were fixed by the President beginning with the first 6-month period of 1937.

Results under the operation of the quota proved unsatisfactory. In the first place, the quota was usually filled for each 6-month period from 1 to 2 months before the end of the half year. With the opening of the new quota period, say on July 1, large imports of shingles from Canada would enter the market, with a consequent tendency to demoralize prices and interfere seriously with any orderly marketing of the product. In the second place, the absolute prohibition of importation from Canada, once the half-yearly quota was filled, made it impossible to satisfy sudden demands which might arise by reason of some unusual circumstance. Proposals to adjust the quota period on a monthly basis were found impracticable from an administrative point of view.

The first agreement with Canada terminated December 31, 1938, when the new agreement became effective. Under the provision of section 811 of the Revenue Act of 1936, above referred to, the quota arrangement therein provided for terminated with the agreement. In the new agreement shingles are listed as free of duty but the United States reserves the right, the exercise of which requires action by Congress, to impose a customs duty on imports of shingles in excess of a quantity equal to 30 percent of the average annual consumption during the three preceding years. Such a duty may not exceed 25 cents a square (about 10 percent ad valorem).

Imports of red cedar shingles during 1939, and since the revised trade agreement with Canada became effective January 1, 1939, have equaled 36.8 percent of the average annual consumption for the 3 years preceding and have been slightly in excess of 30 percent of the combined total shipments and imports during that period.

H. R. 9765 provides in effect that as soon as practicable after the close of 1939 and each calendar year thereafter the United States Tariff Commission shall conduct an investigation to ascertain the quantities of domestic shipments and imports of red cedar shingles in the 3 preceding years; that, if the Commission finds that in any calendar year after 1938 the quantity of imported shingles was in excess of 30 percent of the combined total of domestic shipments and imports as ascertained in its investigation, it shall so report to the President, and the President, if he approves the report, shall so proclaim, and thereafter and for so long as any trade agreement remains in effect with respect to red cedar shingles, there shall be a duty upon red cedar shingles imported in any calendar year in excess of 30 percent of the annual average for the 3 preceding calendar years of the combined total of domestic shipments and imports of such shingles. The bill provides further that the rate of such duty shall be 25 cents per square.

The bill is designed to exercise the right reserved by the Government of the United States in the trade agreement with Canada, signed November 17, 1938, to impose a duty of not more than 25 cents per square on all red cedar shingles imported in any calendar year in excess of 30 percent of the annual average for the 3 preceding calendar years of the combined total of domestic shipments and imports of such shingles, and would not be inconsistent with our international obligations.

