

Bob L
Stenographic Transcript Of

HEARINGS

Before The

COMMITTEE ON FINANCE

UNITED STATES SENATE

EXECUTIVE SESSION

Washington, D. C.

April 30, 1980

Alderson Reporting Company, Inc.

Official Reporters

300 Seventh St., S. W. Washington, D. C.

554-2345

1 EXECUTIVE SESSION

2 ---
3 WEDNESDAY, APRIL 30, 1980
4 ---

5 United States Senate
6 Committee on Finance
7 Washington, D.C.

8 The committee met at 10:25 a.m. in room 2221 of the
9 Dirksen Senate Office Building, Honorable Russell B. Long,
10 Chairman of the committee, presiding.

11 Present: Senators Long, Ribicoff, Byrd, Dole,
12 Packwood, Chafee and Heinz

13 The Chairman: I will call this meeting to order.
14 Let's take a look at some of these bills here.

15 Mr. Foster, do you want to explain the first one?

16 Mr. Foster: Mr. Chairman, the first item on the
17 agenda is the authorization of appropriations for the
18 Customs Service, the International Trade Commission and
19 the Office of the Special Trade Representative.

20 By the Budget Act, these authorizations have to be
21 reported by May 15. We do not have a house-passed bill to
22 work from. Whatever the committee decides today will be
23 incorporated in an original bill.

24 The first issue relates to the U.S. Customs Service.
25 It is the budget amount that the Customs Service

1 originally requested, \$472 million for FY 81, an increase
2 of 1.7 percent over the FY 80 budget.

3 In the budget revision submitted in March of 1980 by
4 the President, the Customs Service request was reduced by
5 \$6.3 million to \$465.7 million for FY 81. The House Ways
6 and Means Committee acted the other day on an
7 authorization for the Customs Service. They authorized
8 the amount of \$477 million, which is \$5 million over the
9 original request of the Customs Service and approximately
10 \$11 million over the reduced request in the March 1980
11 revisions.

12 The Ways and Means Committee justified the \$5
13 million increase on the basis that the workload of the
14 Customs Service is estimated to be increasing at
15 approximately 7 to 12 percent, and productivity increases
16 alone that have been going at a 2 percent a year would not
17 be enough to maintain current levels of services.

18 Also, it was asserted that for the additional \$5
19 million, it was estimated that increased revenues between
20 \$25 million and \$40 million would be secure.

21 The first issue before the Committee is what budget
22 amount. In the staff's opinion, the \$477 million figure
23 that was decided upon by the Ways and Means Committee does
24 appear justified. Whatever the will of the Committee is
25 on this.

1 Senator Dole: Has our staff looked at this?

2 Mr. Lighthizer: Yes.

3 Senator Heinz: Mr. Chairman.

4 The Chairman: Yes.

5 Senator Heinz: On this there is an issue that has
6 arisen involving the International Trade Commission
7 authorization. Is now the appropriate time to bring this
8 up?

9 Mr. Foster: We will be getting to the ITC
10 authorization after we finish this and the STR.

11 Senator Heinz: We aren't going to handle these all
12 together en bloc?

13 The Chairman: What is the increase for?

14 Mr. Foster: The increase decided upon by the Ways
15 and Means Committee was basically to hire ongoing
16 personnel, people that would actually do inspection of
17 cargo and baggage and that sort of thing. The estimate
18 was for this additional \$5 million in expenditure for
19 employing these kinds of people, you would gain \$25
20 million to \$45 million in revenue.

21 It was also a concern of the Ways and Means
22 Committee that with the workload of the Customs Service
23 increasing at a rate of between 7 and 12 percent a year,
24 they simply would not be able to maintain current levels
25 of service even with the original budget request.

1 Senator Long: That sounds reasonable.

2 Senator Ribicoff: I move the \$477 million, Mr.
3 Chairman, as passed by the Ways and Means Committee.

4 Senator Long: Without objection, agreed.

5 What is the next one?

6 Mr. Foster: The next issue is relating to
7 non-controlled pay increases. The Customs Service has
8 asked for inclusion in the language of the authorization
9 bill language that would authorize for fiscal 1981 and in
10 future years funds necessary to take care of pay increases
11 under the Federal Pay Comparability Act of 1970.

12 This is standard language in many authorizations.
13 The Committee decided to include this in the ITC
14 authorization language several years ago. It would simply
15 take care of the situation in October when there is the
16 annual adjustment for pay comparability. This would be,
17 in effect, an advance authorization.

18 Obviously, it would still be subject to the
19 appropriations process. The staff recommends inclusion of
20 this language.

21 The Chairman: Is there any objection? Without
22 objection, agreed.

23 Bill, as I understand it, the Administration wants
24 to cut 46 positions?

25 Mr. Foster: That is what the original budget of the

1 Customs Service submitted in their authorization,
2 personnel authorization levels. They were saying that
3 budget would include a reduction of 46 positions. That
4 was under the \$472 million figure. With the \$477 million
5 figure agreed to by the Committee, that would allow them
6 to, in effect, hire at least that many, if not more, and
7 put them into on-line positions to inspect cargo and those
8 kinds of things, the high revenue raising areas.

9 Senator Ribicoff: A question. If you do not have a
10 sufficient number of people on line to inspect the baggage
11 and the luggage and the cargo, you then get into an
12 overtime factor that probably more than eats up the \$5
13 million.

14 Mr. Foster: If they try to maintain the same level
15 of services with the reduced number of people, it would
16 require some overtime, yes.

17 Senator Dole: There is an overtime cap?

18 Mr. Foster: In the FY 80 appropriation bill, there
19 was an overtime cap of \$20,000 per employee. The Ways and
20 Means Committee has recommended that overtime cap be
21 included in the authorization language. We have not
22 included this in the document on the theory that when we
23 report this bill and the House passes their bill, both
24 bills will be on the calendar, the Senate-reported bill
25 and the House-reported bill, so the Committee then would

1 have the option, either if we have to go to conference, of
2 accepting the House language on overtime in the conference
3 or adopting on the Senate floor the House-passed bill.

4 We thought to maintain maximum flexibility before
5 the Committee, we would not recommend necessarily the
6 inclusion of that overtime language at this point. You
7 would still have a chance in a conference, obviously, to
8 agree to that language if it is included in the
9 House-passed bill.

10 Senator Dole: Is there objection to a cap?

11 Mr. Foster: The Customs Service has not requested
12 it. I think that the Treasury Employees Union objects to
13 inclusion of a cap or any restriction.

14 The Chairman: Is that all right with you the way it
15 stands? Without objection, it can be passed.

16 When Secretary Blumenthal was here, he spoke out
17 against this thing, inspecting baggage and taking all the
18 time, having people running the rat race. I know that
19 they are doing more of this thing of checking bags at the
20 point of departure. They do in Bermuda and other
21 airports.

22 I wonder if at some of the principal airports in the
23 United States, they cannot put a little more people if
24 they want to check baggage, to inspect some of it,
25 to spot check most of it from point of departure. A lot

1 of people go to the airport and wait to take off. They
2 check in. They have their bags all checked. If they want
3 to, they could do some spot checking so as to reduce to a
4 bare minimum what they are going to do when they get on
5 this end.

6 Obviously, if they find some cargo in there where it
7 had not been reported, then they could just wire ahead if
8 they want to on the other end. They have the tag and
9 number on that tag of that particular bag, and tell people
10 when they enter the United States, pull that bag out,
11 watch for that bag and open it up.

12 It seems to me that most bags aren't opened at all,
13 would not be opened at all if they would do some checking
14 on that end. How do you think we might go about trying to
15 improve on that?

16 Mr. Foster: Mr. Thorn from the Customs Service is
17 here. He might want to respond to that. I know this
18 pre-clearance operation is expanding. They have it in five
19 or six airports in Canada, Bermuda and a few others.
20 There is some contemplation, I think, being given.

21 The Chairman: What can you tell me about that, what
22 I have in mind? I don't like to make people wait in line.
23 If they take a long trip back, they are going to be very
24 tired. They have to get in a long line to get on the
25 airplane and a long line to get off. It seems to me if

1 they check it in, they could take that bag.

2 Let me ask you. Do you have anything in these bags
3 on which tariff is going to be due or any prohibited
4 articles? They say no, and just pass them on through.
5 You could spot check a few sample numbers at the point of
6 departure. Those that come in at the last minute, some of
7 those you might want to spot check.

8 Why can't you work out some system, do some spot
9 checking before they get on the airplane?

10 Mr. Thorn: In the foreign countries, the
11 preclearance facilities which we have in Bermuda, Bahamas,
12 Canada, are created by the international agreement created
13 by the State Department in the foreign country. In the
14 past year there have been discussions on Frankfurt,
15 Germany. Those discussions broke down because, it is my
16 understanding from a message from the Department of State,
17 the government there just was not too anxious to create a
18 preclearance facility there.

19 We are happy to go into preclearance facilities,
20 people coming there over a long span of time instead of
21 people getting off the plane all at once, standing in
22 line. It is easier on the people and we are happy to do
23 that, Mr. Chairman. However, that is an international
24 agreement between our Department of State and a foreign
25 government.

1 The Chairman: How many countries do you have a
2 preclearance agreement with?

3 Mr. Thorn: Canada, Bermuda and the Bahamas. Those
4 are the only ones we have, sir.

5 The Chairman: Are you trying to get preclearance
6 agreements with France?

7 Mr. Thorn: There have been some discussions on that.
8 Again, we are not the lead agency on that, sir. That is
9 the Department of State. We are happy to comply.

10 The Chairman: I think we ought to put something in
11 this thing to say that the Department of State is
12 instructed to approach these other countries, these
13 principal countries, particularly France, England the main
14 countries to which this travel is flowing, Mexico,
15 approach those people and stress the fact that the United
16 States would like to do this, and seek their cooperation.

17 Mr. Thorn: If I might point out a couple of
18 complications, Mr. Chairman. The number of positions are
19 determined by mode positions in the Department of State,
20 restricted by however many employees a country desires to
21 have in their country.

22 Secondly, there is a problem with enforcement. We
23 are concerned about drugs -- you mentioned Mexico --
24 particularly from South America and the Latin American
25 countries. Many of them are considered to be source

1 countries for a variety of drugs and illicit drugs.

2 A preclearance, as you point out, makes it difficult
3 upon enforcement and drug interdiction, to make it
4 frankly, easier for drugs to be smuggled in. It is my
5 understanding that the administrator of DEA feels that a
6 preclearance is a threat to drugs being smuggled in.

7 The Chairman: You ought to do something. They are
8 smuggling the drugs in by the tons down there in Florida.
9 What you are catching with what you have got is so small,
10 and it is going to remain that way. That is not how most
11 of those drugs are coming in. Ninety-five percent of
12 those drugs have got to be coming in in bulk, are they
13 not, coming in by ships, coming in by airplanes, airplanes
14 flying right through?

15 Mr. Thorn: Yes, sir. They bring in marijuana by
16 the ton, you are right. That is a bulk cargo. However,
17 there are some drugs, and cocaine is an example, of which
18 you can bring in a small satchel, 5 or 6 pounds, perhaps,
19 strapped to your body, and you can collect several
20 hundreds of thousands of dollars on that one transaction.
21 That is pretty high profit.

22 The Chairman: I know. It seems to me that what we
23 are talking about is giving the right to do whatever
24 inspection you want to do. But I am talking about the
25 baggage, the baggage people run through. To me that

1 is where it is a pain in the neck. You go there, yo have
2 had a long ride, you are tired and worn out, and you line
3 up all these people to inspect. You could inspect those
4 bags before they got there, every bag you are going to
5 inspect on this end. That is all I am saying. You ought
6 to do more through your inspection on the other end.

7 If you can get the agreement with the other
8 countries, most of the checking ought to be done on the
9 other end. What are they going to do? Ninety-nine times
10 out of one hundred they lay the bag open on the table and
11 see if they see something they are looking for. You can
12 do the same thing over there as well as here.

13 If, by chance, a guy has got some cocaine or some
14 marijuana in the bag, just take the number of it, and you
15 send a wire, if you want to, or just tell the pilot to,
16 when you get over there, take their bag off and inspect it
17 because there is some prohibited item in there, some item,
18 whatever.

19 Apparently you have already got the procedure. All I
20 am saying is even the procedure can be improved, but first
21 it seems to me you ought to get it in more countries so
22 that when the people come in, they don't all arrive at the
23 airport at the same time, you say, but when they arrive
24 here they arrive at the same time and they are worn out
25 and tired.

1 In that situation, insofar as you want to check your
2 bags, that is where you ought to check it. You can save a
3 little of it for over here, but I think that ideally you
4 have 90 percent of it checked over there so that,
5 assuming you only have to check one bag, they have 90
6 percent of it checked already, as far as you want to check
7 something.

8 Then you only have the other 10 percent. Most people
9 are going to go right on through, and then you can say: I
10 am sorry, we have a spot check requirement and you are the
11 guinea pig, you have drawn the odd number. That way, 90
12 percent of the people will have gone through, 95 percent.

13 Mr. Thorn: Let me tell you what we have done in the
14 past month. This has occurred since our last
15 authorization markup with you last year, Mr. Chairman.
16 There are programs we have through our test machines and
17 enforcement profiles on passengers coming on. We do not
18 inspect the vast majority of baggage. We do look in the
19 handbags. We have found that we can inspect either a
20 family on one declaration or an individual on one
21 declaration in 60 to 90 seconds. The person is through in
22 90 percent of the occasions.

23 On the others that we feel for some reason that it
24 takes a closer look, that might take a little extra
25 longer, 10, 15, 20 minutes. On the vast majority of the

1 people, we have streamlined the procedures so much in the
2 past year and a half that we have been able to do it in 60
3 or 90 seconds per declaration.

4 Senator Dole: It is good if you are first in line.

5 The Chairman: If you are the first person in line.
6 But if you are 20 people back, it is still a pain in the
7 neck.

8 Mr. Thorn: You know, there is a major problem, two,
9 a couple of items over which you have no control. That is
10 the baggage. I was in Miami not too long ago. Baggage
11 carts were lined up with no apparent movement of them
12 after the Customs inspection places, and the passengers
13 were there waiting, waiting for the baggage to be
14 inspected and the facilities themselves.

15 We do not pay for the facilities. Since they are
16 provided by the local airport facility, we usually are not
17 provided the most desirable facilities for federal
18 inspection.

19 The Chairman: I would think that we could make the
20 airlines do that. We could make the airlines help pay for
21 the cost of the facilities.

22 Mr. Thorn: They do assist in that, Mr. Chairman. We
23 have been working closely with them to try to help
24 facilitate passenger inspection.

25 The Chairman: Why don't we put something on here

1 just to say the Department shall step up its efforts to
2 obtain agreements for preclearance in all of these
3 countries that we can. That is all I am saying.

4 You have no objection to that?

5 Mr. Thorn: No, sir, as long as it is understood
6 that we are not the lead agency on that.

7 The Chairman: I understand that.

8 Senator Dole: Get Muskie on the phone.

9 The Chairman: All right. Give the man something to
10 do.

11 Without objection, agreed.

12 What is the next point?

13 Mr. Foster: Mr. Chairman, on this last point about
14 stepping up preclearance efforts, did you want that in the
15 legislation or the report? This language about stepping
16 up preclearance activities. Do you want that in the
17 legislation or in the report?

18 The Chairman: I think we ought to put it in the
19 bill.

20 Mr. Foster: The bill?

21 The Chairman: Yes.

22 Mr. Foster: The next point on the Customs Service
23 authorization relates to deposit of estimated duties.
24 Under the Customs Reform Simplification Act that the
25 Committee worked on in 1978, new entry procedures were

1 established and authorized which permit the deferment of
2 payment of duties for up to 30 days.

3 Under the practice now in effect, the Customs
4 Service defers payment for up to ten days. The purpose of
5 this deferment is to separate the process of entry of the
6 goods from actual payment of the duty so that the goods
7 keep flowing and you do not keep goods on the dock waiting
8 for payment of the estimated duties.

9 Also, it permits automation in billing procedures
10 and in payment procedures. OMB is proposing reducing this
11 ten-day period one day each year as an effort to save
12 money on cash management. The Ways and Means Committee
13 has included in their authorization bill language which
14 would prevent this from occurring. It would maintain the
15 present ten-day deferment period.

16 This language in the Ways and Means Committee bill
17 is strongly supported by interests that operate in the
18 importing area, the customs brokers and major importers.
19 Their concern is that reducing this period will
20 reintroduce the inefficiencies that led the Committee
21 originally to decide that the Customs Service ought to
22 have this ability to defer payment.

23 So the Ways and Means Committee has included this
24 language in their bill, and we would recommend the same
25 thing in the Finance Committee bill. This is something

1 that last year the Finance Committee included in its
2 report indicating that it did not want to the proposal to
3 take effect, the OMB Cash Management proposal to take
4 effect.

5 They are still talking about it. In effect, Ways
6 and Means has simply moved the language from the report to
7 the legislation.

8 The Chairman: Is there any objection? Without
9 objection, so ordered.

10 Senator Chafee: Mr. Chairman, it makes sense as one
11 of these things we do without knowing much about what we
12 are doing. At least I don't. I think OMB is not doing the
13 right thing. We are now moving to put the language in the
14 statute itself prohibiting them?

15 The Chairman: Yes.

16 Senator Chafee: It makes sense. There must be
17 another side to the argument on OMB's part. Apparently we
18 don't have time for that. Someday we will, I hope.

19 Mr. Foster: What happened, I think, Senator Chafee,
20 is the General Accounting Office did a study several years
21 ago of cash management, and it was occurring at
22 approximately the same time that the Committee was working
23 on a the Customs Procedural Reform Simplification Act.

24 GAO came out with a recommendation which, in effect,
25 Customs duties be elected at a point earlier than

1 even under existing law, but they were not taking into
2 account the efforts of the Committee in reforming the
3 Customs law.

4 I think what you had were these two activities
5 passing in the night, and OMB latching on, if you will, to
6 the GAO report and adopting this as a cash management
7 strategy. So I think that was the situation.

8 Senator Chafee: Thank you.

9 The Chairman: Without objection, agreed.

10 What is the next point?

11 Mr. Foster: The next authorization is the U.S. trade
12 representative.

13 Mr. Stern: Mr. Chairman, from the standpoint of
14 procedure, I suggest we report out the original bill. A
15 House bill will probably not be available until after May
16 15. Under the Budget Act, you have to report out
17 authorization bills before May 15. This is the procedure
18 you have done in the past. When the House bill comes
19 over, you can actually act on that bill.

20 The Chairman: Right.

21 Mr. Stern: Do you want to order favorably reporting
22 the Customs bill?

23 Mr. Foster: Last year, Mr. Chairman, what we did was
24 report out in one bill the authorizations for the Customs
25 Service and the ITC. This year the Ways and Means

1 Committee will be reporting out in one bill the
2 authorizations for the International Trade Commission, the
3 Customs Service and the USTR to match them up on the
4 calendar. I suggest we report all these authorizations in
5 the bill for each of the agencies.

6 The Chairman: All right. Without objection, agreed.

7 Mr. Foster: The next authorization is the U.S.
8 trade representative.

9 Senator Dole: If we could speed it up, we have
10 checked that. We don't think it poses any problems.
11 Apparently they wanted a five-year rather than annual
12 authorization. The Ways and Means Committee rejected that.
13 I agree with that. I think it should be an annual
14 authorization unless somebody has a specific question.

15 There is a question on ITC.

16 Senator Heinz: Yes, on ITC. But on the trade
17 representative, I am inclined to believe that a one-year
18 authorization or reauthorization is a little too frequent.
19 There are other things we have to do, and I don't think we
20 need to keep the STR on that short of a string. Five
21 years might be a little too long. Why don't we shoot for
22 something like three years. That will give us some
23 compromise room with the House.

24 The Chairman: If you think two years is ideal, you
25 better ask for three.

1 Senator Heinz: That is right. Frankly, Mr.
2 Chairman, if I thought that the STR was pretty well
3 established and set in its ways right now, I might be
4 arguing for a five-year authorization. I believe it is a
5 very dynamic position right now. There are a lot of
6 new responsibilities, new organization. I would like to
7 see us ultimately come out with two years in conference
8 with the House. I would like to see us cut it from five to
9 three.

10 Senator Dole: Are there others that have five and
11 three-year authorizations?

12 Mr. Foster: Many agencies have continuing
13 authorizations for such funds as may be necessary. I think
14 the reason that the five-year authorization was originally
15 decided on in the Trade Act of 1974 was the feeling that
16 the legislative committee such as the Finance Committee
17 has rather continual contact with the STR on a daily
18 basis, weekly basis, and therefore it was not really a
19 necessity to create an oversight vehicle because the
20 oversight was continual.

21 The concern was that if you have an annual
22 authorization, it creates another bill that must be
23 created by the Committee and acted on and ultimately
24 passed. The STR believes that this is simply not
25 necessary. He feels that he is responsive to the

1 Committee.

2 The Chairman: As I understand it, the view of the
3 STR is that they maintain close contact with their
4 legislative committees and an annual appropriation should
5 not be necessary. I really think that as far as they are
6 concerned, there was a time when we had them up here
7 almost all the time working on the Trade Bill. From their
8 point of view, their view is if we don't see more of them
9 it is their fault. They would be delighted to spend more
10 time up here if we wanted them up here.

11 Senator Ribicoff: Hardly a week goes by that I don't
12 receive a personal call from Mr. Askew. He comes by the
13 office, keeps you informed, tells you what is going on. I
14 don't think there is any agency that is in as close
15 contact as STR.

16 The Chairman: My impression is that STR stays closer
17 on hand than any of them.

18 Senator Ribicoff: They do, and they want to. They
19 realize a connection between this committee and
20 themselves. I think Senator Heinz' proposal is very
21 sound, Mr. Chairman.

22 The Chairman: Let's vote on it. All in favor, say
23 "aye."

24 (A chorus of ayes.)

25 Senator Heinz: What do we vote on, three years?

1 The Chairman: Yes.

2 Senator Dole: If we made everything five years,
3 we would not have to meet. Talking about all the waste in
4 government oversight and Congress ought to do its job, and
5 now we want to do it every five years.

6 The Chairman: You don't lose very often.

7 Senator Dole: I do not care. I will check with Ed
8 Muskie on this.

9 The Chairman: What is the next item?

10 Mr. Foster: The next item is non-controlled pay
11 increases. This is the same issue that we just considered
12 with the Customs Service, that pay comparability provision.
13 Again, it is recommended that this be included with
14 respect to the STR. It exists with respect to the
15 ITC.

16 The Chairman: Is there any objection? Without
17 objection, agreed to.

18 Mr. Foster: The STR also requested some additional
19 authorizations. These are standard authorizations for
20 other agencies. Many of them are necessitated because
21 prior to this year, the STR was able to rely upon State
22 Department authorizations for travel in many of its
23 functions.

24 Since there has now been a very specific break with
25 the State Department, there is a need to have some of

1 these authorizations provided to the STR. They are the
2 five authorizations, if you will, listed on page 3 under
3 Additional Matters. One will be expend funds for travel
4 expenses without regard to standardized government travel
5 regulations and per diem allowances.

6 This is necessary if the STR needs to hire a
7 negotiating room and under regular per diem requirements
8 and travel regulations he simply would not be able to do
9 it. He would have to fund it out of his personal funds.
10 So this would allow him that sort of flexibility.

11 Another authorization would allow the STR to
12 delegate and redelegate functions. Another one would
13 allow them to accept, hold and administer and utilize
14 gifts, devices and requests. There is a practical problem
15 behind this one, as I understand it. For example, one
16 trade lawyer in town tried to give the STR his trade law
17 library. They were not able to accept it simply because
18 they did not have this sort of language applicable to
19 them.

20 The fourth item is to require by ~~language~~
21 purchase or exchange vehicles for the delegation in
22 Geneva and other places, with a limitation of \$6,500 for
23 each car. Again, this results from separation of STR from
24 State. Prior to this time they were able to rely on their
25 authorization.

1 Senator Ribicoff: I am curious. Can you buy an
2 automobile for \$6,500 anyplace?

3 Mr. Foster: Not a very lavish one.

4 The Chairman: They ant to buy a cheap one, don't
5 they? It has to be a small one or it has to be a wreck.

6 Senator Chafee: You can get a Horizon for that
7 price.

8 The Chairman: What is the next one?

9 Mr. Foster: The last authorization is to issue rules
10 and regulations as may be necesssary.

11 The Chairman: Item 4. If they prefer to buy four
12 motorcycles, they can do it.

13 Senator Dole: Or bicycles.

14 The Chairman: Any objection?

15 Senator Dole: I notice the Ways and Means Committee
16 made a change. They didn't include it?

17 Mr. Foster: The Ways and Means Committee basically
18 made one change. The STR would not be authorized to
19 accept gifts, bequests or devices of money. I believe
20 their concern was that somebody might will or give the STR
21 cash and they might use it in an improper fashion. It is
22 difficult for me to imagine that occurring. I believe that
23 was the concern.

24 Senator Dole: Are we increasing the travel
25 allowance?

1 Mr. Foster: The way this will work, the travel
2 allowance will, in effect, be decided upon in the
3 appropriations process. What will happen is what happens
4 in the FY 80 appropriation. When the Appropriations
5 Committee decides on an amount, they also put in a
6 limitation for travel for representational expenses and
7 that sort of thing.

8 For last year it was a \$35,000 limitation. There
9 was no limitation on travel. That is probably one area of
10 the STR budget that fluctuates enormously. For example,
11 during the height of the MTN, travel was very extensive as
12 they went to capitals, Geneva and that sort of thing.
13 Travel now is probably considerably less. To have in each
14 authorization or appropriation a limitation on that would
15 be very difficult for the STR to work with, I think.

16 The Appropriations Committee and this committee in
17 1974 did not attempt to put any limitation on travel per
18 se.

19 The Chairman: Why don't we just authorize what they
20 have got here? That is all right with me.

21 Without objection, agreed.

22 Mr. Foster: The last authorization is for the U.S.
23 International Trade Commission. The Commission has
24 requested an appropriation of \$16,981,000, an increase of
25 about \$1 million over FY 80, with a total increase of

1 \$900,000 stemming from adjustments to the budget base,
2 in effect, automatic adjustments and programmed increases
3 that amount to \$118,000.

4 The Ways and Means Committee reported out a bill
5 authorizing the full amount requested.

6 Senator Heinz: Mr. Chairman, I have no objection
7 about the amount authorized. There is an issue in
8 connection with the report of the Ways and Means Committee
9 I would like to bring up at the appropriate time.

10 Mr. Foster: The issue that Senator Heinz is
11 referring to is detailed to some extent on Staff Document
12 D(a), I believe it is, entitled International Trade
13 Commission Jurisdiction.

14 Senator Ribicoff: What did you say?

15 Mr. Foster: Staff Document D(a), International
16 Trade Commission Jurisdiction under Section 337.

17 Senator Heinz: Mr. Chairman, the situation is that
18 Section 335 of the Tariff Act of 1930 gives to, in my
19 judgment, the ITC the appropriate authority to write rules
20 and regulations when they are required. Section 337,
21 which is kind of the catchall provision of unfair trade
22 practices, which has been on the books for some time, is
23 an area where the power ought to be exercised.

24 The Ways and Means Committee, however, has taken
25 exception to a rule that the U.S. ITC is in the process of

1 trying to make regarding the appropriate labeling by
2 importers, not by foreign exporters but by importers of
3 wire rope.

4 The Ways and Means Committee has taken the position
5 that the U.S. ITC is without any authority to do this;
6 that it constitutes a non-tariff barrier, not doing
7 it on a case-by-case basis; that it is wrong for them to
8 do this.

9 Just briefly, I believe that the Ways and Means
10 Committee has misinterpreted the law and misinterprets
11 what the Trade Commission is doing. Section 335, which
12 clearly states that the ITC does have this authority, is
13 the kind of language that you find in almost every
14 regulatory agency that has a semi-legislative power
15 evolved upon it.

16 Section 337, because of the very broad
17 language, necessitates an interpretive legislative power
18 being given to the U.S. ITC. It is not true, however, that
19 the ITC, if they promulgate this rule, will be giving up
20 the case-by-case approach that we mandate to them in
21 considering unfair trade cases.

22 If it is a good rule or not, I don't wish to
23 prejudge. But the sole purpose of the rule is to state
24 that if you are mislabeling imported wire, you are the
25 importer and you are putting it on the domestic

1 manufacturer's spool even though it is imported wire, if
2 you do that and then if on a case-by-case basis the U.S.
3 ITC, having been appropriately petitioned to do so, finds
4 that you have a tendency to injure competition as defined
5 by the statute, then you would be guilty of an unfair
6 trade practice.

7 But on a case-by-case reason, the reason for the
8 rule, therefore, in short is simply to make it clear to
9 people what an unfair trade practice is and is not. And I
10 for one cannot understand why the Ways and Means Committee
11 got so exorcised in the report.

12 What I would suggest is that we put language into
13 our report that is a bit stronger than the staff language.
14 We ought to explicitly state that we believe that Section
15 335 does confer rulemaking authority for the purposes of
16 337 explicitly; that we do not prejudge whether the rule
17 as written is right or not, but that the authority is
18 there.

19 Secondly, I think it is worth stating for the record
20 that the courts have consistently found that unless
21 rulemaking -- and I cannot say that in every instance they
22 have found this -- but at least on the whole they have
23 found that unless rulemaking authority is explicitly
24 prohibited to an agency, that it is something that they
25 have been implicitly granted by Congress to carry out the

1 intent of Congress.

2 In this instance the authority is granted in 335,
3 and I just think the Ways and Means Committee is all wet.

4 Senator Ribicoff: Is there any further discussion on
5 Senator Heinz' proposal, and any objection to the
6 authorization for ITC as amended by the suggestions of
7 Senator Heinz?

8 Mr. Foster: This would be in report language?

9 Senator Ribicoff: Yes.

10 All in favor, say "aye."

11 (Chorus of "ayes.")

12 Senator Ribicoff: Opposed?

13 (No response.)

14 Senator Ribicoff: What is the next item of
15 business?

16 Mr. Foster: The next item is the committee
17 consideration of the Customs Valuation Protocol. The
18 Committee has been notified by the President of his
19 intention to enter into a trade agreement, a protocol
20 amending the MTN Customs Valuation Agreement.

21 With respect to implementation of the MTN, the
22 Committee needs to decide on its recommendations as to the
23 contents of the implementing bill that the President will
24 submit to implement and approve the new trade agreement.
25 The President, pursuant to Section 102 of the Trade Act

1 and in order to encourage developing countries to accept
2 the Customs Valuation Agreement negotiated in the MTN, has
3 negotiated a protocol to the Valuation Agreement.

4 The President may enter into this protocol at any
5 time and he can send it to Congress along with an
6 implementing bill, an explanation of how the protocol will
7 operate, and his statement of administrative action as to
8 rules and regulations that will be needed to carry it out.

9 Under the procedures followed with respect to the
10 MTN, after the Committee arrives at its recommendations
11 today and as long as they do not conflict with the
12 Ways and Means Committee or the Administration, the staff
13 will then sit down with the Administration and the Ways
14 and Means Committee, draft the implementing bill along the
15 lines approved by the Committee, and then this would be
16 submitted to the Congress for action under the special
17 procedures provided for implementing bills.

18 With that sort of background, the valuation
19 agreement itself as negotiated in the MTN was an
20 attempt to agree on international rules regarding the
21 valuation of imports for the purposes of imposing ad
22 valorem duties, duties based on the value of the goods.

23 The protocol negotiated consists of an amendment to
24 the Customs Valuation Agreement and some common
25 understandings, a possible reservation to the

1 agreement by the developing country.

2 In general, in order for a reservation by a
3 developing country to be effected, it must be accepted by
4 the United States and other signatories to the agreement
5 with respect to the implementing bill itself.

6 We the staff have sat down with the Administration
7 and with the Ways and Means Committee staff to review what
8 would be appropriate and necessary to include in an
9 implementing bill. The provisions that we would recommend
10 going into the implementing bill should only relate to
11 approval and implementation of the protocol and Valuation
12 Agreement itself.

13 As far as we have been able to ascertain, there are
14 no objections from any sources with respect to either the
15 protocol or the amendments in the implementing bill.

16 Senator Ribicoff: Does Pakistan have a reservation?
17 That is questionable.

18 Mr. Foster: This related to the subsidies and
19 countervailing duty code.

20 Senator Ribicoff: Not in this area?

21 Mr. Foster: Not in this area.

22 Senator Ribicoff: Is there any further discussion.

23 Senator Chafee: Mr. Chairman, I would like to ask a
24 question. I am not sure that this falls under this
25 particular area. There is a listing of those

1 lesser-developed countries permitted to send in goods into
2 the country -- I am talking about the jewelry industry --
3 at greatly advantageous rates to them. The list of those
4 countries is astonishing to me. It includes countries
5 like Hong Kong and Israel and South Korea. South Korea
6 doesn't affect the jewelry industry so much, but I notice
7 when you are discussing your protocol here, the protocol,
8 at last report there were four major LDCs, Argentina,
9 Brazil, India and the Republic of Korea.

10 How in Lord's name did they ever arrive at some of
11 these countries as being lesser developed countries? Hong
12 Kong? I guess it is. It is carried on the State
13 Department list as a lesser-developed country. There is
14 Israel. These aren't lesser-developed countries,
15 Argentina, Brazil. How do they reach that? What can an
16 individual senator do to affect that choice?

17 Mr. Foster: The favorable rates with respect to
18 jewelry that you are referring to is our generalized
19 system of preferences. The authority for that program is
20 contained in Title V of the Trade Act of 1974. Under that
21 title, basically the Congress, by a process of elimination
22 basically defines to a large extent what would be
23 considered developing countries, and they did this by
24 specifically listing in one section those countries which
25 could not be considered developing countries.

1 They include the European communities, Australia,
2 Canada, the OECD countries, if you will. Beyond that, it
3 basically was left up to the President to decide whether a
4 country should be designated as a beneficiary developing
5 country.

6 The President made an initial determination some
7 years ago upon implementation on January 1, 1976 as to
8 what would be considered a beneficiary developing country.

9 Senator Ribicoff: If you would yield there, Senator
10 Chafee makes a very important point. Many of these
11 countries are out-competing us field after field in
12 technology and productivity. The United States, in
13 comparison to them, is a less-developed country. I think
14 the point is well taken, which indicates that a review of
15 LDCs is in order. This list was 1976?

16 Mr. Foster: Yes. It has been added to since that
17 time. I am not aware of any countries taken off the list.

18 Senator Ribicoff: The President is the one who
19 lists?

20 Mr. Foster: He has the authority in the Trade Act
21 to designate a country as a beneficiary developing
22 country.

23 Senator Ribicoff: I don't know what we can do in
24 this legislation. I think there should be something here
25 along Senator Chafee's proposal directing a complete

1 review of the LDCs taking into account those developments
2 in the last five years, and their competitive position
3 vis-a-vis the United States. I think Senator Chafee makes
4 an important point here.

5 Mr. Foster: The President has submitted in the last
6 several weeks a report to the Congress required by the
7 Trade Act of 1974 on the status of the GSP program. One
8 of the issues discussed is this very question of which
9 countries should really receive GSP. As certain countries
10 progress to the point that they no longer are considered
11 beneficiary developing countries, then how should we make
12 sure that, in effect, the benefits intended by GSP get to
13 the right countries and not, in effect, not taken over by
14 countries labeled developing countries but which in fact
15 are not.

16 Senator Ribicoff: I know. What is the next step to
17 take that into account?

18 Mr. Foster: One step would be for the Committee to
19 review this report of the President and then, on the basis
20 of that review, decide if they wish to take additional
21 action or require the President to take additional action
22 on the basis of that report.

23 Senator Ribicoff: Is there a time limitation?

24 Mr. Foster: No.

25 Senator Ribicoff: General?

1 Mr. Foster: A general report, a five-year review
2 of the program.

3 Senator Chafee: Mr. Chairman, I appreciate your
4 interest in support of this measure. It seems to me not
5 in the wildest sense of one's imagination could Hong Kong
6 be considered a lesser-developed country. We may have
7 reasons for wanting to help Hong Kong, but to classify
8 them under the category of a lesser-developed country in
9 order to qualify them for special duty rates coming into
10 this country seems to me to be astonishing.

11 Following up what the chairman was saying, who is
12 the adviser to the President, and is this the proper
13 committee to ask that adviser to come up and explain his
14 rationale on the classification of these various nations?

15 Mr. Foster: The agencies which administer this
16 program are the State Department and the U.S. Trade
17 Representative's Office.

18 Senator Chafee: Certainly the U.S. trade
19 representative falls under this jurisdiction, falls under
20 this committee.

21 Mr. Foster: Mr. Hathaway from the USTR is here.
22 Maybe he could come forward and discuss the report that
23 was just prepared and exactly where we stand on this
24 issue.

25 Senator Chafee: I don't want to hold up the other

1 members on this particular matter. It is of great concern
2 to me, and I will stay later if the others want to proceed
3 with something else.

4 Senator Ribicoff: I think you are making an
5 important point, Senator Chafee, and I think you are
6 entitled to an explanation.

7 You have heard the discussion. Would you comment to
8 Senator Chafee's point of view?

9 Mr. Hathaway: The report that was just submitted
10 just recently, Senator, contains a very elaborate
11 discussion of the method that was included in the Trade
12 Act of 1974 for making sure that the countries that had
13 reached a certain level of development did benefit under
14 GSP programs.

15 Those were two provisions. One is if a country
16 exported more than an adjusted \$25 million of that
17 particular product, that they would be off the
18 eligibility list. The second is if they exported more
19 than 50 percent of U.S. imports of that article, they
20 would no longer be eligible.

21 Those two factors have been referred to as the
22 competitive need limits. They have eliminated, for
23 example, a substantial amount of jewelry from Hong Kong
24 and many other products. Most of those limitations have
25 affected exports from countries like Korea, Hong Kong and

1 Taiwan, those countries that are designated, referring to
2 them as developed countries, another category even lower.

3 Still yet, in the context of this five-year report,
4 the Administration has stated in the report that they
5 would be making further proposals on how to handle this
6 graduation issue, how to take these countries who have
7 become more developed during the five years of operation
8 of the GSP program, and what to do with them.

9 It is a very sensitive economic and political
10 question, as you know, for countries who are on the
11 borderline between being considered a developed country
12 and those which you do still consider as a developing
13 country. In those countries it is usually product
14 sectors and the GNP is still quite low.

15 Senator Chafee: Is Israel a developing country?

16 Mr. Hathaway: Israel is considered by the United
17 Nations and the United States as a developing country, not
18 as a less-developed country: lesser of one of the
19 developing countries, but still a developing country, as
20 are some of the others. We have been working on that, and
21 the people on our staff would be happy to provide you all
22 the information on GNP and what considerations.

23 Senator Chafee: I am interested in what happens, the
24 end result. Jewelry is coming into this country. Optical
25 frames for eyeglasses are coming in in vast quantities

1 from the so-called lesser-developed countries, with trade
2 advantages that astonish me. And you tell me jewelry has
3 now been removed.

4 Mr. Hathaway: Some items of jewelry have been, yes.

5 Senator Chafee: I would like to stay in touch with
6 you. You are with the STR?

7 Mr. Hathaway: I am Assistant General Counsel, U.S.
8 Trade Representative's Office. I would be happy to provide
9 you -- I could get it for you this afternoon -- a very
10 detailed analysis of all that has gone on in the internal
11 considerations of this issue. It is very difficult and
12 touches many issues, not just economic ones but also
13 political and national security interests, as well.

14 It is a very important and difficult point. In fact,
15 it was so difficult even within the Administration that we
16 said in the five-year report that was submitted that we
17 would be making proposals later this year on that. We
18 would be happy to consult with you in the Committee. We
19 have been consulting with the staffs of the Committee.

20 Senator Ribicoff: I wonder, Senator Chafee, if I
21 could designate you ad hoc at the present time with the
22 staff to work with the Committee staff and with Mr.
23 Hathaway and the representative from the State Department
24 for a discussion to see what the background of this is.

25 If it then becomes necessary to have a hearing, my

1 problem personally is time is catching up with me with
2 other commitments in the Governmental Affairs Committee
3 and here, and some of the discussions that I have had with
4 Mr. Foster on some other matters of priority that we ought
5 to be doing in the field of trade.

6 However, I think you have raised a very important
7 point. If you are willing to devote some time to it, our
8 staff will start laying this out for you and work with you
9 and your personal staff. Then if you would get in touch
10 with myself or anyone else that you want, let's see where
11 we go from there.

12 But I think you have raised a very important point.
13 We have just concluded a two-day conference at Harvard,
14 with the New York Stock Exchange and the Dean from Harvard
15 and myself co-chairing, which was very well represented by
16 members of this committee, on the whole problem of
17 American competitiveness and how we are slipping behind.

18 And we are slipping behind. Many of the countries
19 that are really on the LDC list are outcompeting us in
20 field after field. So I think that Senator Chafee raises a
21 very, very important point, and I think that we are
22 grateful to you for having raised it.

23 Senator Chafee: Thank you, Mr. Chairman. I would
24 be glad to undertake that.

25 Mr. Hathaway: We will be glad to work with him.

1 Senator Ribicoff: Are there any other questions?

2 Mr. Foster: On the valuation protocol itself, it is
3 recommended that the bill include a standard approval of
4 the protocol as required by the Trade Act of 1974 and
5 provide for its acceptance under the same conditions,
6 which pertain to acceptance of the original agreement.

7 Legislative changes necessitated by the protocol
8 would include deletion of the provision in Title II of the
9 Trade Agreements Act. That corresponds to the provisions
10 deleted in the agreement by the protocol.

11 In addition, a number of other changes in respect to
12 the chemical schedule in Title II of the Trade Agreement
13 and that are necessary for completing implementation of
14 the Valuation Agreement itself. That would be all that is
15 contained.

16 Senator Ribicoff: Is there any further discussion?

17 All in favor, signify by saying "aye."

18 (Chorus of "ayes.")

19 Senator Ribicoff: Opposed?

20 (No response.)

21 Senator Ribicoff: Without objection.

22 Mr. Foster: The last item on the agenda.

23 Senator Chafee: If I could interrupt briefly here, I
24 have an appointment I have got to keep. But I would like
25 to know what is the status of Mr. Herzstein now. We

1 considered his nomination yesterday. What happens next? Do
2 you know?

3 Senator Ribicoff: Yes. It got to be quite
4 controversial, and Chairman Long felt that the Committee
5 had to move on. So he has designated continuation of the
6 hearings on Mr. Herzstein under my chairmanship.

7 I have asked Mr. Foster to set a state for the
8 hearing. Has the date been set?

9 Mr. Foster: It would be in the morning of May 13.

10 Senator Ribicoff: The morning of May 13th, at which
11 time we will continue the hearing on Mr. Herzstein.

12 Senator Chafee: Would Mr. Herzstein be here?

13 Senator Ribicoff: Yes.

14 Senator Chafee: Fine. Thank you.

15 Senator Ribicoff: The point that you raise, before
16 you leave, my hunch is that Senator Moynihan might be very
17 much interested in this.

18 Senator Moynihan, the question was raised by Senator
19 Chafee about what is an LDC, with the general preferences
20 that they have. He pointed out that many countries that
21 are listed as LDCs with favorable tariff treatment should
22 not be on there.

23 My feeling is there are many of these countries. But
24 his concerns would be your concerns in your area,
25 certainly within the textile and the apparel business. I

1 suggested that on an ad hoc basis, the Committee work with
2 STR and the State Department to go over these LDCs because
3 many are outcompeting industry after industry in the
4 United States, yet they are getting these breaks in here.

5 Is this a subject that you would be interested in
6 working with Mr. Chafee on?

7 Senator Moynihan: I certainly would. I am sure that
8 somewhere in that list of LDCs is a country with per
9 capita income of \$15,000, because they have oil and things
10 like that.

11 Senator Ribicoff: The general system of
12 preferences. They include South Korea, Taiwan, Singapore
13 and Hong Kong. You are losing an awful lot of your
14 apparel business to them.

15 Senator Moynihan: In no way could you describe some
16 of those countries in a category with Chad. In Singapore,
17 public housing in Singapore. The magazine racks sell
18 Vogue magazine, you know?

19 What does the chairman think we should do?

20 Senator Ribicoff: My feeling is I suggested that on
21 an informal basis, that you and Mr. Chafee and our staff
22 start pulling this together with the State Department and
23 STR. I don't know the Committee's agenda or the
24 individual senators' agendas, whether we will have time.
25 The President just has a report. The last listing was

1 1976.

2 So I think we ought to take a look at it and
3 determine where we go from there. It is up to the
4 President, as I understand it, who makes this list up. Is
5 there any particular time, annually? How is it made up?

6 Mr. Foster: The countries can be added to the list
7 at any time.

8 Senator Ribicoff: Can they be taken off?

9 Mr. Foster: They can also be taken off. No
10 country has been taken off the list entirely. What has
11 happened is when they become competitive in a particular
12 product, as demonstrated by supplying 50 percent of the
13 imports or a certain dollar value, which I believe is now
14 \$40 million, then, with respect to that import, they are
15 taken off the list so they no longer get the duty-free
16 treatment on that import.

17 That is an annual process. The President reviews
18 annually the trade from these countries. When a country
19 has exceeded these limits, they are taken off with respect
20 to that product. In terms of an entire country being
21 removed from the list, that has not occurred.

22 Senator Ribicoff: My thought is after you make this
23 ad hoc survey together with the staff, then we can make the
24 determination where do we go from there,

25 Senator Moynihan: Mr. Chairman, would you like to

1 appoint Mr. Chafee and myself as an ad hoc subcommittee to
2 come back?

3 Senator Ribicoff: You are so designated.

4 Senator Chafee: Thank you.

5 Senator Ribicoff: Is the next item some tariff
6 bills?

7 Mr. Foster: Three miscellaneous tariff bills.

8 Senator Ribicoff: I do not seem to have them.

9 Mr. Foster: Staff document F.

10 Senator Ribicoff: I have it.

11 Senator Packwood: Mr. Chairman, I have an amendment
12 to one of them, which is H.R. 2492, the bill Pat is
13 interested in, on downs and feathers, when you are ready
14 to start that.

15 Senator Ribicoff: We are ready right now. That
16 is the first item on the agenda.

17 Senator Packwood: Last August we sent out
18 H.R. 1212, a tariff bill with a variety of provisions in
19 it, none that were controversial. It passed the Committee
20 unanimously. There were some ESOP provisions, capital
21 gains tax on property, and the reforestation provision I
22 had suggested. It passed unanimously.

23 Last August there was a technical question whether
24 or not the particular part of the bill would have violated
25 the budget. I don't think it would have, but we might

1 have had an argument. We have not called it up. Now
2 there is no question that the way the bill relates to
3 reforestation does violate the Budget Act.

4 They have served notice if we attempt to call the
5 bill with all these other provisions in it, they are going
6 to object. The point of order is ~~valid~~. I have prepared
7 a procedural amendment, and my staff can explain it,
8 changing a reforestation bill in procedure only but no
9 longer subject to the point of order.

10 I would like to change it and then add the entire
11 bill and all the provisions to it to H.R. 2492.

12 Senator Ribicoff: Do you have a problem with that?

13 Mr. Foster: I am not aware of it.

14 Mr. Stern: I have two suggestions to make so that
15 the revenue as a whole remains positive. Since the House
16 bill itself costs \$5 million, I would suggest you strike
17 all the feathers and downs and offer that as a committee
18 amendment to the other tariff bill which is on the
19 calendar, H.R. 3122, which does have all the tariff
20 provisions that you have agreed to.

21 Second, when this is reported by the Committee,
22 agree to a motion to recommit the other bill back to
23 committee.

24 Senator Packwood: Recommit H.R. 1212?

25 Mr. Stern: That is correct.

1 Senator Ribicoff: Any objection?

2 Senator Moynihan: You are not going to put it on
3 2492?

4 Mr. Stern: Yes. What you would do, you would take
5 the bill that Senator Packwood is talking about, a
6 substitute for H.R. 2492, and it would be reported out as
7 such. The content of H.R. 2492 would be that it is a
8 committee amendment to the tariff bill which is already on
9 the calendar.

10 Senator Ribicoff: Are you in any way jeopardizing
11 the content of H.R. 2492, which I believe Senator Moynihan
12 has an interest in? I want to do this for Senator
13 Packwood, but I don't want to jeopardize Senator Moynihan.

14 Mr. Stern: It would give you two shots to pass out,
15 one on the tariff bill then the other since it
16 would be in the House bill anyway, if anything happened to
17 the tariff bill you would still have it in conference on
18 H.R. 2492, since it has passed the House.

19 Senator Moynihan: With the President, when your
20 bill as substituted for mine goes to conference, my bill
21 will be over there on the House side. That is right. Is
22 that not right?

23 Mr. Stern: Yes, sir.

24 Senator Moynihan: If there is any reason that our
25 tariff aborts, you would have another chance.

1 Senator Ribicoff: Is there any objection to H.R.
2 2492? Without objection, so ordered.

3 The next item of business is H.R. 3317 and H.R.
4 3755, to admit duty free an organ and accompanying parts
5 and accessories for Ohio Wesleyan University and St.
6 Paul's Episcopal Church, Riverside, Connecticut.

7 Senator Moynihan: I think these bills are of small
8 consequence to the nation at large.

9 Senator Ribicoff: There are some problems with some
10 of the members, I understand. I think that could be solved
11 if we went along with the provision of the House bill.
12 They say ~~that~~ there will be no more. I think a question
13 has been raised by some of the organ manufacturers. These
14 organs, I understand, have been ordered and even
15 delivered, so in no way would it have an impact on the
16 organ business.

17 I would suggest we vote out H.R. 3317 and H.R. 3755
18 with the same restrictions.

19 Mr. Stern: Mr. Chairman, I had discussed the
20 procedure on this with Senator Long earlier, and he would
21 hope you would do the same thing, namely, leave those
22 bills in committee for possible future use, or support
23 their substance as an amendment to the tariff bill on the
24 calendar.

25 Senator Ribicoff: In this way, in no way will we be

1 jeopardizing the passage of these two bills.

2 Mr. Stern: No, sir. We will put the substance of
3 them on the tariff bill that is already on the calendar,
4 namely, H.R. 3122.

5 Senator Ribicoff: We are doing the same thing with
6 this?

7 Mr. Stern: Yes, sir, as you have done with the other
8 tariff bills.

9 Senator Ribicoff: Without objection.

10 Mr. Lighthizer: Senator Dole asked me to register
11 his concern about both of these organ bills. He does not
12 want to hold the bills up, but he did want the record to
13 reflect that he is concerned about them and
14 continuing to import organs from overseas.

15 Senator Ribicoff: I think that my position on this
16 is similar to Senator Dole's, although I come from the
17 opposite side of the road on it. But I think putting in
18 the House language, we take care of the future fear. We
19 put a close to it. That is my understanding. This is the
20 last of the organ bills. The report should so indicate.

21 Would you cooperate with Mr. Foster to make sure
22 that that language Senator Dole is interested in is in?

23 Is there anything further to come before the
24 Committee? If not, thank you, gentlemen.

25 (Whereupon, at 11:30 a.m., the hearing concluded.)