

TARIFF RECLASSIFICATION OF DICTOPHONES

JULY 26 (legislative day, JULY 2), 1954.—Ordered to be printed

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

REPORT

[To accompany H. R. 8932]

The Committee on Finance, to whom was referred the bill (H. R. 8932) to reclassify dictophones, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The committee amendments are as follows:

SEC. 5. Section 201 of title II of the Tariff Act of 1930, as amended, is further amended by adding at the end thereof a new paragraph to read as follows:

"PAR. 1818. Furfural."

SEC. 6. The Secretary of the Treasury is hereby directed to admit free of duty black granite, in whatever form, for use in any statue, monument, or memorial authorized by law to be erected on Federal property.

PURPOSE OF THE AMENDMENT ON FURFURAL

Furfural is a chemical compound made from cellulosic raw materials such as corncobs, oat hulls, and similar "waste" materials. It is a colorless liquid, light in weight, and with a boiling point of 161.7° C. The primary use is in the production of synthetic rubber, synthetic resins, nylon, and in the refining of petroleum.

The increased use of furfural and the necessity for centrally located large quantities of raw materials for its production has promoted considerable research and study on the part of producers and consumers. A plant for the production of furfural on an efficient basis must have ready access to 100,000 tons or more of raw material.

It has been found that bagasse, the residue left after sugar has been extracted from sugarcane, can be used, although at present it is not being used in commercial quantities. Plans have been made for a large furfural plant in the Dominican Republic where huge quantities of bagasse are readily available. The establishment of such a plant would be of great economic assistance to that country and would provide for the efficient use of thousands of tons of bagasse now disposed of as waste.

Furfural was a commodity little known when the Tariff Act of 1930 was adopted and it is not separately mentioned in any tariff paragraph. If imported it would be entered under paragraph 5 of the tariff act as a chemical compound not specially provided for dutiable at 12½ percent ad valorem, reduced by trade agreement from 25 percent.

There are 3 plants in the United States producing furfural, all operated by 1 manufacturer. Total domestic production is about 110 million pounds per year. Because of the demand it is not anticipated that free importation of furfural will affect domestic output and it will be of distinct economic aid to one or more of our neighboring countries. Furfural production requires large amounts of sulfuric acid and the export of this material from the United States might thus be stimulated.

The Committee on Finance therefore recommends that the amendment be adopted.

PURPOSE OF THE AMENDMENT ON BLACK GRANITE

The purpose of this amendment is to provide for the importation, free of duty, of black granite when it is to be used in monuments or memorials authorized by law to be built on Federal property.

In a few instances nonprofit organizations have financed and constructed monuments or memorials on Federal property. Black granite, which is not quarried anywhere in the United States, is sometimes required on such monuments. An example of this is the Iwo Jima memorial now being erected on Government property near Arlington National Cemetery.

Marines and marine veterans are financing and directing the erection of this now famous set of figures. In order to properly simulate the black lava of the island of Iwo Jima it was found that black granite was essential. Inasmuch as this was not available in the United States the importation of a large quantity for use in and around the statute was necessary.

This memorial was authorized to be placed on Federal property by Public Law 157 of the 80th Congress, as amended by Public Laws 462 of the 82d Congress and 66 of the 83d Congress. The cost of the memorial is being paid by money raised by popular subscription and the committee unanimously endorsed this amendment which would allow the required amount of black granite to be imported free of duty.

The amendment is so phrased that future legitimate memorials and monuments can have the same privilege of free importation without special legislation. It applies only in cases where a specific law is adopted to provide for a particular statue or memorial on Federal property.

The Finance Committee urges the adoption of the amendment.

PURPOSE OF H. R. 8932

The purpose of H. R. 8932 is to reclassify, at the same rate of duty, dictophones as business machines rather than with instruments such as phonographs and gramophones.

GENERAL STATEMENT

Dictophones are presently classified in paragraph 1542 of the tariff act with phonographs and similar articles dutiable at 15 percent ad valorem. This rate has been reduced from 30 percent in a trade agreement.

The tariff system of the United States has been imitated or used as a pattern by a number of other countries and, as a result dictophones are classified in the tariff schedules of those countries along with phonographs and other similar products which are considered luxuries and therefore carry relatively high tariff rates. This results in high and sometimes prohibitive rates on what is normally a business machine and not generally considered in this country to be in the luxury class.

Foreign countries have indicated that they will give serious consideration to a reclassification of dictophones as business machines, at substantially lower rates of duty, provided the United States sets the pattern.

This change in classification would in no way affect the United States tariff rate which is the same for phonographs and gramophones as for business machines. Dictophones are unquestionably business machines and should be so classified.

The Finance Committee recommends that this change be made so that the precedent and pattern may be set for other nations. The committee believes that the export from the United States of dictophones might thereby be facilitated.

The bill as passed by the House contains a section which would prevent confusion in the integration of the new classification in the trade agreement program. Although the present rate on dictophones is 15 percent, and the rate which would be effective under the change proposed is also 15 percent, in order to give that rate the same value for trade agreement purposes as it had before specific language was necessary in the law. Without this language the duty on dictophones from Communist-dominated areas would have been reduced from 30 percent to 15 percent.

The Treasury and Commerce Departments support H. R. 8932 and there was no opposition from any source. The bill passed the House unanimously.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

TARIFF ACT OF 1930, AS AMENDED

SEC. 1001. * * *

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SCHEDULE 3.—METALS AND MANUFACTURERS OF

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PAR. 372. Reciprocating steam engines and steam locomotives, 15 per centum ad valorem; sewing machines, not specially provided for, valued at not more than \$75 each, 15 per centum ad valorem; valued at more than \$75 each, 30 per centum ad valorem; steam turbines, 20 per centum ad valorem; cash registers, 25 per centum ad valorem; *business dictating, recording, and transcribing machines, chiefly used in business offices of the type or types recording on nonmagnetizable recording medium, and parts thereof*, 15 per centum ad valorem; printing machinery (except for textiles), bookbinding machinery, and paper-box machinery, 25 per centum ad valorem; lawn mowers and machine tools, 30 per centum ad valorem; embroidery machines, including shuttles for sewing and embroidery machines, lace-making machines, machines for making lace curtains, nets and nettings, 30 per centum ad valorem; knitting, braiding, lace braiding, and insulating machines, and all other similar textile machinery, finished or unfinished, not specially provided for, 40 per centum ad valorem; all other textile machinery, finished or unfinished, not specially provided for, 40 per centum ad valorem; cream separators valued at more than \$50 each, and other centrifugal machines for the separation of liquids or liquids and solids, not specially provided for, 25 per centum ad valorem; combined adding and typewriting machines, 30 per centum ad valorem; apparatus for the generation of acetylene gas from calcium carbide, 20 per centum ad valorem; machines for cutting or hobbing gears, 40 per centum ad valorem; punches, shears, and bar cutters, intended for use in fabricating structural or other rolled iron or steel shapes, 40 per centum ad valorem; all other machines, finished or unfinished, not specially provided for, 27½ per centum ad valorem: *Provided*, That parts, not specially provided for, wholly or in chief value of metal or porcelain, of any of the foregoing, shall be dutiable at the same rate of duty as the articles of which they are parts: *Provided further*, That machine tools as used in this paragraph shall be held to mean any machine operating other than by hand power which employs a tool for work on metal.

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SCHEDULE 15.—SUNDRIES

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PAR. 1542. Phonographs, gramophones, graphophones, [dictophones,] and similar articles, and parts thereof, not specially provided for, 30 per centum ad valorem; needles for phonographs, gramophones, graphophones, [dictophones,] and similar articles, 8 cents per thousand and 45 per centum ad valorem.

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SCHEDULE 18.—FREE LIST

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PAR. 1818. *Furfural*.