

TARIFF TREATMENT OF CERTAIN ARTICLES

DECEMBER 11 (legislative day, NOVEMBER 29), 1979.—Ordered to be printed

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

R E P O R T

[To accompany H.R. 3122]

The Committee on Finance, to which was referred the bill (H.R. 3122) relating to the tariff treatment of certain articles, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. SUMMARY

H.R. 3122, as amended, contains amendments to the tariff laws of the United States, as follows:

(1) *Certain dyeing and tanning materials.*—The first section of H.R. 3122 would provide for permanent duty-free treatment of certain dyeing and tanning materials of vegetable origin.

(2) *Wood excelsior.*—Section 2 of the bill would suspend the duty applicable to most-favored-nation (MFN) imports of wood excelsior from the date of enactment through June 30, 1981.

(3) *Soluble nitrocellulose.*—Section 3 of the bill would suspend the duty applicable to MFN imports of soluble nitrocellulose from the date of enactment through June 30, 1980.

(4) *2-Methyl-4-chlorophenol.*—Section 4 of the bill would suspend the duty applicable to MFN imports of 2-methyl-4-chlorophenol from the date of enactment through June 30, 1981.

(5) *Certain ceramic insulators.*—Section 5 of the bill would reduce the duty on MFN imports of certain ceramic insulators used in spark plugs to 4 percent from the date of enactment through June 30, 1981.

(6) *Certain forms of zinc.*—Section 6 of the bill would reinstate the suspension of duty on MFN imports of certain forms of zinc through

June 30, 1981. The suspension would apply retroactively, upon timely request, to such articles entered, or withdrawn from warehouse, for consumption after June 30, 1978.

(7) *Carillon bells*.—Section 7 of the bill provides for permanent duty-free treatment of MFN imports of carillon and similar tuned bells (in sets containing more than 34 bells) after the date of enactment, and for retroactive duty-free treatment with respect to specific carillon bells already entered for the use of Wake Forest University and the University of Florida.

(8) *Telescope project*.—Section 8 of the bill would continue duty-free treatment from June 30, 1980, through June 30, 1982, with respect to the importation of a telescope and other articles for the use of the Canada-France-Hawaii telescope project in Hawaii.

(9) *Synthetic rutile*.—Section 9 of the bill would reinstate the suspension of duty on MFN imports of synthetic rutile. The suspension would terminate at the close of June 30, 1982, and would apply retroactively, upon timely request, to imports entered, or withdrawn from warehouse, for consumption after June 30, 1979.

(10) *Tantalum/columbium concentrates*.—Section 10 of the bill would provide for permanent duty-free treatment of MFN imports of synthetic tantalum/columbium concentrates.

(11) *Cobalt alloys*.—Section 11 of the bill would provide for suspension of duty on MFN imports of unwrought alloys of cobalt containing, by weight, 76 percent or more but less than 99 percent cobalt, from the date of enactment through June 30, 1982.

(12) *Bicycle parts*.—Section 12 of the bill would extend through June 30, 1983 the existing suspension of duties on MFN imports of certain bicycle parts.

(13) *Manganese ore*.—Section 13 of the bill would reinstate the suspension of duty on MFN imports of manganese ore through June 30, 1982. The suspension would apply retroactively, upon timely request, to such imports entered, or withdrawn from warehouse, for consumption after June 30, 1979.

(14) *Model household furnishings and accessories*.—Section 14 of the bill would create a new item in the Tariff Schedules of the United States (TSUS) for model household furnishings and accessories which would provide an 8 percent *ad valorem* duty for MFN imports and 45 percent *ad valorem* duty for non-MFN imports.

(15) *Rubber*.—Section 15 of the bill would amend the definition of "rubber" in the headnotes of the TSUS to preserve existing Customs Service practice relating to the classification of products as rubber or as containing rubber.

(16) *Technical corrections*.—Section 16 of the bill would correct four technical errors in the Trade Agreements Act of 1979 (93 Stat. 144: Public Law 96-39).

(17) *Roof tiles for the Chinese Cultural and Community Center, Philadelphia, Pa.*—Section 17 of the bill would permit a one-time duty-free entry of roof tiles from the People's Republic of China for the use of the Chinese Cultural and Community Center in Philadelphia, Pa.

(18) *Certain field glasses, opera glasses, and binoculars*.—Section 18 of the bill would provide for suspension of duties on MFN im-

ports of fieldglasses, opera glasses, and prism binoculars from the date of enactment through December 31, 1981.

II. REASONS FOR THE BILL

(1) *Certain dyeing and tanning materials.*—The United States depends upon imports for virtually all of its requirements of vegetable tanning extracts. The first section of H.R. 3122 would help American tanners to hold down the cost of producing leather.

(2) *Wood excelsior.*—Imports of wood excelsior supply a minimal amount of U.S. consumption and are not injurious to the U.S. industry producing wood excelsior. Section 2 of the bill would remove an unnecessary cost to producers of products employing wood excelsior.

(3) *Soluble nitrocellulose.*—The sole domestic producer of soluble nitrocellulose can supply only 70 to 80 percent of domestic demand for the product. Section 3 of the bill is intended to reduce the cost to the domestic paint and coating industry of a necessary raw material, some of which must be imported.

(4) *2-Methyl-4-chlorophenol.*—Section 4 of the bill would eliminate an unnecessary cost of an important component of certain herbicides which is not produced domestically. This would make U.S. producers of herbicides made from this product more competitive with foreign herbicide producers.

(5) *Certain ceramic insulators.*—Section 5 of the bill would improve competition in the markets for certain spark plugs by reducing the cost of ceramic insulators for a firm which imports these products and which competes with imports of spark plugs and with other U.S. firms which make their own ceramic insulators for spark plug production.

(6) *Certain forms of zinc.*—Domestic zinc mines cannot supply enough ore to satisfy the demand for zinc metal. Section 6 of the bill is intended to reduce the cost of an important source of zinc for domestic zinc manufacturers.

(7) *Carillon bells.*—Section 7 of the bill is intended to reduce the cost of imports of carillons and similar tuned bells in sets of more than 34 bells, which have not been produced in the United States in recent years.

(8) *Telescope project.*—Section 8 of the bill would continue duty-free treatment for the importation of articles for the use the Canada-France-Hawaii telescope project in Hawaii, thereby reducing the cost of this project.

(9) *Synthetic rutile.*—Section 9 of the bill would reduce the costs of users of synthetic rutile, a necessary raw material some of which must be imported and the demand for which is growing.

(10) *Tantalum/columbium concentrates.*—There is no known domestic production of either natural or synthetic tantalum/columbium concentrates, which is used in steel production, electronic circuitry, and chemical processing equipment. Section 10 of the bill would help producers of these products to lower their costs without injury to any domestic industry.

(11) *Cobalt alloys.*—The cost of cobalt alloys, a strategic raw material, has quadrupled recently, increasing the duties payable on imports of this substance and the costs to U.S. consumers. Section 11

of the bill would improve the competitive position of domestic consumers.

(12) *Bicycle parts.*—Duties have been suspended since 1971 on certain bicycle parts and accessories in order to improve the ability of domestic producers of complete bicycles to compete with imported complete bicycles. Section 12 of the bill would continue the suspension.

(13) *Manganese ore.*—There is no domestic commercial production of manganese ore. Duties on MFN imports of manganese ore have been suspended for 3-year periods continuously since July 1, 1964. Section 13 of the bill would reduce the cost to the domestic industry that requires manganese ore, principally for the manufacture of cast iron and steel.

(14) *Model household furnishings and accessories.*—Model household furnishings and accessories now are entered under a variety of tariff classifications, creating uncertainty as to the rate of duty which will be applied until entry is made. There exists a growing demand for these articles which cannot be supplied by U.S. producers. Section 14 of the bill removes the uncertainty and an unnecessary cost for collectors of these models.

(15) *Rubber.*—Recent court decisions concerning the meaning of "rubber" as used in the TSUS have resulted in some articles being assessed at a rate of duty different from that which Congress intended. Section 15 of the bill restores the previous practice of the Customs Service, which was in accordance with congressional intent, as it relates to classification of rubber articles.

(16) *Technical corrections.*—Four provisions of the Trade Agreements Act of 1979 are technically inaccurate. Section 16 of the bill corrects these plain inaccuracies.

(17) *Roof tiles for the Chinese Cultural and Community Center, Philadelphia, Pa.*—The nonprofit Chinese Cultural and Community Center of Philadelphia, Pennsylvania, has a one time need for authentic and durable roofing tiles consistent with the architecture of the Center's building. Section 17 of the committee bill permits a one-time duty-free entry of tiles for this purpose.

(18) *Certain field glasses, opera glasses, and binoculars.*—There is no U.S. production of fieldglasses, opera glasses, and prism binoculars. Section 18 of the bill would permit a reduction in the price of these items to consumers.

III. GENERAL EXPLANATION

A. CERTAIN DYEING AND TANNING MATERIALS

The first section of H.R. 3122 would eliminate permanently the MFN and non-MFN duty on imports of certain dyeing and tanning materials. It would apply retroactively to such articles entered, or withdrawn from warehouse, for consumption after June 30, 1978. Such articles were permitted duty-free entry from August 1963 through June 30, 1978, under a series of laws suspending the applicable duties.

The dyeing and tanning materials to which this section relates are of vegetable origin and consist of logwood, canaigre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia. Dye-

ing and tanning materials are used primarily by the leather industry to convert rawhides and skins into leather. They are also used by the oil well drilling industry as a thinner for fluids used in rotary drilling operations.

There has been little or no domestic production of most vegetable tanning and dyeing extracts for many years. The only vegetable tanning material which has been produced in the United States in significant quantities is chestnut tanning extract. Domestic production has steadily declined with the continued decline in the number of chestnut trees. Consequently the United States depends on imports for approximately 96 percent of its requirements of vegetable tanning extracts. The committee believes that the elimination of the duty on the subject dyeing and tanning materials would help American tanners to compete more effectively with foreign leather producers and provide benefits to consumers by holding down the price of leather.

Under the bill, both MFN and the non-MFN rates of duty would be eliminated on articles imported under Tariff Schedules of the United States (TSUS) items 470.15 (logwood only), 470.23, 470.25, 470.55, 470.57, and 470.65. The MFN rates of duty on these items range from free to 6 percent *ad valorem*; the non-MFN rate of duty is 15 percent *ad valorem* on all items. In the absence of enactment of this section of the bill, duties on MFN imports will be reduced as a result of the Multilateral Trade Negotiations (MTN) so that no such duty will be greater than 4.2 percent *ad valorem*. These articles (except for chestnut, divi-divi, hemlock, and valonia) from beneficiary developing countries are eligible for duty-free treatment under the Generalized System of Preferences (GSP).

During 1978, imports of dyeing and tanning materials classified under items 470.15, 470.23, 470.25, 470.55, 470.57, and 470.65 of the TSUS were approximately 51.2 million pounds valued at \$9.7 million. Imports were primarily from Argentina, Brazil, Paraguay, Peru, and France.

The Subcommittee on International Trade requested comments on the elimination of these duties on October 12, 1979. No objections were received. The Administration favors enactment.

B. WOOD EXCELSIOR

Section 2 of H.R. 3122 would suspend the 8 percent *ad valorem* MFN duty applying to imports of wood excelsior (entered under TSUS item 200.25) from the date of enactment through June 30, 1981. The MFN duty is to be reduced permanently to 5.1 percent *ad valorem* as a result of the MTN.

Wood excelsior consists of thin, narrow, flexible strands of wood which tend to curl and form a loosely joined mass. It is produced by shredding wood blocks generally of aspen, cottonwood, basswood, or southern pine. Resilience, the ability to expand after compression, is the principal characteristic making excelsior desirable for use in packing glassware and other easily breakable articles. Among other important uses of excelsior are the following: as an acoustical component in cement ceiling and wall panels; as a filling or padding material in low-priced mattresses and upholstery and in caskets, hassocks, athletic equipment, and toys; as a filter and vapor-dispersing agent

for evaporative coolers; as a soil covering for erosion control; and in the filtration of crude oil and petroleum products.

There are 12 known plants currently producing wood excelsior for commercial use in the United States. The top five companies account for at least 90 percent of U.S. shipments.

Imports of wood excelsior have decreased sharply in recent years. The average value of annual imports dropped from \$24,000 in the 1963-73 period to about \$8,000 in the 1974-78 period. The average value of U.S. exports in the 1972-78 period has been approximately \$246,000. Canada is the principle source of wood excelsior imports. In the last 16 years only one importation was entered from a country other than Canada. Because of the very high volume/weight ratio of this product and its relatively low unit value, long distance shipping is expensive and uneconomic. The U.S. International Trade Commission, in its report to the committee, states that this bill would have a negligible impact on the domestic industry.

The committee requested public comment on the temporary suspension provided by this section of the bill on October 12, 1979. No objections were received. The Administration has no objections to enactment of this provision.

C. SOLUBLE NITROCELLULOSE

Section 3 of H.R. 3122 would permit (from the date of enactment through June 30, 1980) duty-free entry of MFN imports of soluble nitrocellulose. MFN imports of soluble nitrocellulose are dutiable under TSUS item 445.25 at 9.7 cents per pound. If produced in a beneficiary developing country, MFN imports of soluble nitrocellulose are eligible for duty-free treatment under GSP. The MFN duty will be reduced permanently to 5.2 percent *ad valorem* as a result of concessions granted by the United States in the MTN.

Nitrocellulose is a synthetic resin prepared by the reaction of cellulose with a mixture of nitric acid and sulfuric acid. Industry divides nitrocellulose into two commercial classes depending on its nitrogen content. The "soluble" type nitrocellulose, to which H.R. 3122 applies, contains 8 percent to 12.2 percent nitrogen by weight and is the essential ingredient used in durable lacquer coatings primarily utilized by the wood furniture industry. These lacquer coatings are also used in applications such as automotive refinishing, primers, paper coatings, and fingernail polishes. There is no known economical substitute for soluble nitrocellulose. "Smokeless" nitrocellulose, the other commercial classification, contains a minimum of 12.6 percent nitrogen by weight and is used primarily as an explosive or propellant.

There is a single domestic producer of nitrocellulose. A previous producer ceased production in December 1977 because the market growth potential did not justify the increased capital investment required to meet new pollution control standards. The remaining producer has begun expanding its facilities to make up the shortfall. This project will not be completed until mid-1980. Industry sources estimate total domestic production at 80-100 million pounds in 1977 and 50-70 million pounds in 1978.

Since soluble nitrocellulose is part of a basket category in the TSUS, imports of this product are not separately reported. Nevertheless, in-

dustry sources believe that imports were negligible before 1978. In 1977, imports in the entire basket category amounted to 66,000 pounds valued at \$58,000. In contrast, in 1978 imports in the basket amounted to 14.8 million pounds valued at \$10.1 million. It is believed that the bulk of this increase may be accounted for by increased imports of nitrocellulose following the shutdown in production of this product by one of the two domestic producers.

The committee requested comments on the duty suspension provided for by this provision of the bill on October 12, 1979. No objections to this provision were received and favorable submissions were received. The Administration has no objections to enactment of this provision.

D. 2-METHYL-4-CHLOROPHENOL

Section 4 of the bill would permit duty-free entry of MFN imports of 2-methyl-4-chlorophenol (PCOC) from the date of enactment through June 30, 1981. MFN imports of PCOC are dutiable under TSUS item 403.60 at 1.7 cents per pound plus 12.5 percent *ad valorem*. PCOC is a chemical intermediate used in the production of certain herbicides for cereal grain production.

2-Methyl-4-chlorophenol is not produced in the United States.

Fallek-Lankro Corp. of Tuscaloosa, Ala., plans to build a plant within 3 years to supply PCOC for production of herbicides. Until this plant is built, Fallek-Lankro is producing and shipping orthocresol to Lankro, Inc. in the United Kingdom where it is processed into PCOC. This chemical intermediate is then returned to Fallek-Lankro Corp. for production of herbicides.

The committee requested comments on the duty suspension provided for by this section of the bill on October 12, 1979. No objections were received. The Administration has no objections to enactment of this provision.

E. CERTAIN CERAMIC INSULATORS

Section 5 of H.R. 3122 would reduce the 15 percent *ad valorem* duty on MFN imports of certain ceramic insulators (the chief use of which is in the manufacture of spark plugs) under TSUS item 535.14 to 4 percent *ad valorem* from the date of enactment through June 30, 1981. MFN imports of this item from beneficiary developing countries are eligible for duty-free treatment under GSP. Further, MFN imports will be subject to a permanent duty of 6 percent *ad valorem*, such rate to be reached by reducing the 15 percent duty in eight annual stages beginning on January 1, 1980, as a result of the MTN.

Domestic production of spark plugs totaled 891.1 million units in 1972, the most recent year for which data is available. This is the only indicator available of domestic production of the ceramic insulators. Three companies manufacture about 90 percent of total U.S. spark plug production. All three companies also produce their own insulators. There are also a few small spark plug producers which purchase their insulators. Imports of ceramic insulators for use in spark plug production is estimated to be very small.

The bulk of spark plug production is used in automobiles and aircraft. The duty reduction is sought by a small manufacturer in Texas of special spark plugs used in stationary gas, natural gas,

propane or LPG engines. The company imports a substantial portion of its high alumina ceramic insulators, which can be used for no other purpose than as a spark plug component. Apparently only two domestic companies produce the type of insulator used by this firm—one of the major spark plug manufacturers which consumes internally this production and the single major independent insulator producer. The bill would make it easier for the Texas firm to compete with the major firm which produces this type of specialty spark plug using its own insulators.

In addition, the duty on MFN imports of complete spark plugs is 4 percent *ad valorem*. Reducing the duty on ceramic insulators from 15 percent *ad valorem* to 4 percent *ad valorem* removes this anomaly and should permit spark plug manufacturers who import the item covered by this section of the bill to compete more favorably with imported spark plugs.

The committee requested comments on the duty suspension provided for by this section of the bill on October 12, 1979. No objections were received. The Administration has no objections to enactment of this provision.

F. CERTAIN FORMS OF ZINC

Section 6 of H.R. 3122 would continue until June 30, 1981, the suspension of duties on MFN imports of zinc-bearing ores, zinc-bearing materials, zinc dross and skimmings, and zinc waste and scrap. Zinc bearing ores are classifiable under TSUS item 602.20. Zinc-bearing materials are classifiable under TSUS items 603.49, 603.50, 603.54, and 603.55. The MFN duty applicable for the foregoing TSUS items is 0.67 cent per pound on zinc content. Zinc dross and skimmings are classifiable under TSUS item 603.30. Zinc waste and scrap is classifiable under TSUS item 626.10. The MFN rate of duty applicable to these items is 0.75 cent per pound. From August 9, 1975, through June 30, 1978, the forms of zinc mentioned above were classified under items 911.00, 911.01, 911.02, and 911.03 of the Appendix to the TSUS. These classifications provided for duty-free treatment for MFN imports of the relevant zinc ores and concentrates.

Section 6 would amend items 911.00, 911.01, 911.02, and 911.03 of the Appendix to the TSUS by extending through June 30, 1981, the suspension of the MFN duty on the forms of zinc described above. This suspension would apply retroactively, on request, to articles entered, or withdrawn from warehouse, for consumption after June 30, 1978, and before the date of enactment.

All the products affected by this bill are sources of zinc metal and zinc products. Thirty-seven percent of U.S. zinc consumption is for use as a die casting alloy, 22 percent for galvanizing sheet and strip, 15 percent for galvanizing other steel products, and 14 percent to make brass and bronze.

Domestic consumption of zinc from ore, scrap, and other materials was 814,000 tons in 1977 and approximately 770,000 tons in 1978. Domestic production of zinc ore measured by contained weight of zinc was 450,000 tons in 1977 and about 342,000 tons in 1978. St. Joe Minerals Corp., AMAX Lead Co., New Jersey Zinc Co., and Bunker Hill Co., account for about 40 percent of domestic production.

Imports of zinc ore, scrap, etc., were approximately 135,000 tons in 1977 and approximately 127,000 tons in 1978. Canada supplies approximately 50 percent of zinc ores and concentrates followed by Mexico, Honduras, Nicaragua, Thailand, Australia, and Peru.

The committee requested comments on the duty suspension provided for by this section of the bill on October 12, 1979. No objections were received. The Administration supports enactment of this provision.

G. CARILLON BELLS

Mechanical action, tuned bells, cast in bronze and installed in sets, usually, in churches and educational institutions, are referred to as chimes, peals, or carillons, depending on the number of bells in the set and the manner in which they are played. Under section 7 of the bill, which contains the substance of H.R. 1212 and section 2 of H.R. 5441 as passed by the House this session, import of sets of such bells containing over 34 bells entered under TSUS item 725.38 would be provided permanent duty-free treatment. Sets of such bells now are dutiable at an MFN rate of 3 percent *ad valorem*. TSUS item 725.38 is included in the list of articles eligible for GSP, and as a result of the tariff concessions made in the MTN, in the absence of enactment of this provision, the permanent duty will be reduced to zero over an 8-year period.

There is only one United States firm which produces cast sets of tuned bells, but it did not produce sets containing more than 6 bells in 1978. Apparent domestic consumption of sets of tuned bells containing over 34 bells in each set had a value of approximately \$323,000 in 1978, entirely accounted for by imports. The permanent elimination of the duty would cause no apparent harm to U.S. producers.

Section 7 of this bill would also allow duty-free importation of a set of 47 bells for the use of Wake Forest University. This set of bells was entered in May 1978 and was installed at Wake Forest University in November 1978. The carillon set is valued at \$135,000 including all accompanying parts and accessories. Both the carillon and the accompanying parts and accessories would, under the bill, be reliquidated and admitted free of duty.

This section of the bill also would provide for duty-free entry for 49 carillon bells, including all accompanying parts and accessories, for the use of the University of Florida at Gainesville, Fla. This section of the bill also provides for a refund of duties already paid on these carillon bells, if liquidation of the entry has become final. The reported invoice value of the University of Florida entry was \$145,000. The bells in this case were imported from the Netherlands.

The committee requested public comment regarding the substance of section 7 of the bill on October 12, 1979. No objections have been received. The administration does not object to enactment of this provision.

H. TELESCOPE PROJECT

In January 1975, the Congress enacted Public Law 93-630 (88 Stat. 2152), providing unconditional duty-free entry for articles required by the Canada-France-Hawaii telescope project to complete the installation on Mauna Kea, Hawaii of an optical telescope of 3.60

meters diameter and the laboratories, equipment, and installations necessary for its operation. The Canada-France-Hawaii Telescope Corporation is a nonprofit organization incorporated under the laws of the State of Hawaii in January 1974. It is an international scientific cooperative venture among the National Research Council of Canada, the National Center on Scientific Research of France, and the University of Hawaii. The proposed optical telescope will rank among the world's largest astronomical instruments and because of its site will provide astronomers some of the most superb viewing conditions available in the world.

Given the variety of articles necessary to construct the telescope in this location, administrative procedures to obtain duty-free treatment for many of the articles for the project which could receive duty-free treatment under other laws (e.g., Public Law 89-651) would have been unnecessarily burdensome and time consuming. Additionally, many of the articles necessary for the operation of the project would have been dutiable. Public Law 93-630 providing for duty-free entry until June 30, 1980, was enacted because of the unique characteristics of the joint international undertaking, the size of the project, and its development over an extended period of time. Although it was originally anticipated that the project would be completed by June 30, 1980, it now appears impossible to meet that deadline. Therefore, this section of the bill continues the duty-free entry previously enacted until June 30, 1982, by which time the project should be completed. The substance of this section of the bill passed the House earlier this session as H.R. 1319.

The committee requested public comment on the substance of this provision on October 12, 1979. No objection to this legislation has been received from any source. The Administration does not object to enactment of this provision.

I. SYNTHETIC RUTILE

Section 8 of the bill would reinstate the suspension of the duty on MFN imports of synthetic rutile that expired on June 30, 1979. The suspension would apply from the date of enactment through June 30, 1982. Upon timely request, the suspension also would apply to such articles entered, or withdrawn from warehouse, for consumption after June 30, 1979, and before the date of enactment.

At present, the MFN rate of duty on imports of synthetic rutile is 7.5 percent *ad valorem* under TSUS item 603.70. MFN imports have been provided duty-free treatment from October 1974 through June 30, 1979. Under concessions granted in the MTN, the MFN rate of duty on synthetic rutile would be staged in equal installments over 8 years to an eventual permanent rate of 5 percent *ad valorem*. MFN imports from beneficiary developing countries are eligible for duty-free treatment under GSP.

Synthetic rutile is derived from ilmenite through a process of upgrading, which involves substantial chemical change. The upgrading process results in a titanium dioxide product nearly as pure as natural rutile which is much more costly than ilmenite. Titanium dioxide pigments comprise the largest single use of both natural and synthetic

rutile. While there is one domestic producer (which initiated operations in early 1977), production has been erratic, and actual data is not considered reliable. Moreover, output is partly for the use of this manufacturer. Total imports of synthetic rutile for calendar year 1978 was 35,588 short tons valued at \$5,375,000. Australia supplied over half this synthetic rutile in 1978.

This section of the bill contains the substance of H.R. 2297 passed by the House this session.

On October 12, 1979, the committee requested comment on the duty suspension provided for by this section of the bill. No objections were received. The administration supports enactment of this provision.

J. SYNTHETIC TANTALUM/COLUMBIUM CONCENTRATES

Concentrates of tantalum and columbium occur naturally, but there has been no domestic mine production of the concentrates since 1969 because these deposits cannot be mined profitably at current world prices. These natural ores are imported free of duty under TSUS item numbers 601.21 and 601.42. However, in 1976, price increases for natural tantalum-columbium concentrates made use of a synthetic concentrate economically feasible. There is no domestic production of the synthetic product, and the only known foreign producer is in West Germany. Low-grade tin slag, which is the basic product from which the synthetic tantalum-columbium concentrate is manufactured, is also entered free of duty from nations entitled to MFN treatment. However, unlike the natural concentrates or the raw material, the synthetic product is dutiable at an MFN rate of 7.5 percent *ad valorem* under TSUS item number 603.70. In 1977, the duty on MFN imports of synthetic tantalum-columbium concentrates was suspended through June 30, 1980.

The concentrate is used in tantalum and columbium ferroalloys, which are themselves used in the manufacture of tantalum and columbium steels. The natural product is used for the same purpose. These special steels are used to manufacture heavy equipment and machinery, oil and gas pipelines, structural members of buildings and bridges, and architectural trim. Tantalum metal is a basic material in the production of tantalum capacitors, a vital component in most electronic circuitry used in computer communications equipment, military systems and consumer electronics, and is also used as a corrosion resistant material in the production of chemical processing equipment for handling acids and other corrosive chemicals. Columbium oxide is used as an alloy ingredient in super alloys used in jet engine parts and other high strength specialty steels.

Section 10 of the bill would amend the tariff schedules to provide permanent duty-free treatment for synthetic tantalum-columbium concentrates imported from countries entitled to MFN treatment. The non-MFN rate for synthetic tantalum-columbium concentrate would remain unchanged at 30 percent *ad valorem*. The substance of this section passed the House earlier this session as section 1 of H.R. 5441.

On October 12, 1979, the committee asked for comments on the substance of this provision. No objections have been received. The administration has no objections to enactment of this provision.

K. ALLOYS OF COBALT

Section 11 of the bill would amend the TSUS to provide duty-free treatment for MFN imports of unwrought alloys of cobalt containing, by weight, 76 percent or more but less than 99 percent cobalt, from the date of enactment through June 30, 1982. The substance of this section of the bill passed the House earlier this session as section 3 of H.R. 5441.

Cobalt is a hard metallic element used principally to make corrosion resistant alloys, which retain their strength at high temperatures. It is also used in the manufacture of alloys for permanent magnets. Cobalt alloys are also used in jet engine parts. The United States depends on imports to meet its requirements of this strategic raw material. The weighted average producers' price per pound of cobalt had increased from \$4.44 in 1976 to \$18.20 per pound at the end of 1978, with prices on the spot market as high as \$55.00 per pound. According to sources in the trade, alloys subject to the bill are imported only from West Germany, and are a relatively recent phenomenon. It is estimated that 120,000 pounds of the material were imported in the 12 months preceding November 1979.

Imports of high grade cobalt already enter the United States free of duty under TSUS item 632.20. However, the alloy that is the subject of this section of the bill enters at an MFN rate of 9 percent *ad valorem* under TSUS item 632.84. Suspension of the duty will remove an economic disincentive to the importation of alternative cobalt material which is the subject of this provision, permitting conservation of higher grade cobalt for more specialized applications. Since imports currently supply 95 percent of U.S. cobalt requirements and have done so since 1971 when domestic mine production ceased, temporary suspension will not adversely affect U.S. producers.

On October 12, 1979, the committee requested comments of the substance of this section. No objections were received. The administration favors enactment of this provision.

L. BICYCLE PARTS

Section 12 of the bill, which contains the substance of section 4 of H.R. 5441 as passed by the House this session, would continue the existing suspension of duties on MFN imports of certain bicycle parts through June 30, 1983. The existing suspension of duties on certain bicycle parts covers caliper brakes, drum brakes, coaster brakes, three speed hubs not incorporating coaster brakes, click twist grips, click stick levers, multiple free wheel sprockets, cotterless type crank sets, rims, parts of the foregoing, and parts of bicycles consisting of sets of steel tubing cut to exact length and each set having the number of tubes needed for assembly (with other parts) of one bicycle. Section 12 of the bill would remove "rims" from the present suspension and add "frame lugs" as an additional item. The section also includes "two-speed hubs with internal gear-changing mechanisms" in the class of bicycle parts receiving duty-free treatment.

The duty on MFN imports of certain bicycle parts and accessories is suspended under existing law (TSUS items 912.05 and 912.10) in order to improve the ability of domestic producers to compete with foreign bicycle manufacturers by reducing the landed cost of certain imported bicycle parts and accessories that are not available from

domestic sources. The great bulk of imported completed bicycles are subject to rates of duty substantially lower (11 percent and 5.5 percent ad valorem) than the parts covered by the existing duty suspension (15 percent to 19 percent ad valorem).

It is the purpose of section 12 to extend duty-free treatment to both front and rear multiple free-wheel sprockets, including the front free-wheel system type of multiple free-wheel sprocket, which are not available from U.S. manufacturers, as was the intent of previous legislation suspending the duty on imports of this item.

According to an informational report of the U.S. International Trade Commission, no domestic firms produce any of the articles described in this legislation except caliper brakes and rims. The one firm producing caliper brakes makes these items from parts imported from its parent company in complete sets free of duty. Only one firm currently produces rims in the United States; section 12 removes rims from the suspension. The other item added to the list of items suspended is frame lugs, which are not separately accounted for in TSUS statistical categories. However, it is estimated that these articles account for a negligible percentage of the statistical category in which they are reported.

On October 12, 1979, the committee requested comments on the substance of this provision. No objections have been received. The Administration favors enactment of this provision.

M. MANGANESE ORE

The duty on MFN imports of certain grades of manganese ore was originally suspended, by TSUS item 911.07, on July 1, 1964, and the suspension has been reenacted subsequently at 3-year intervals. The last previous suspension expired on June 30, 1979. Section 13 of this bill, which contains the substance of section 5 of H.R. 5441 as it passed the House this session, would reinstitute the suspension retroactively, upon timely request, to the expiration of the previous suspension and prospectively through June 30, 1982.

Manganese is a hard brittle metal which occurs in a number of different ores. The present exemption, which would be continued by this section of the bill, covers manganese ores that contain over 10 percent by weight of manganese. This would include ores classified by the U.S. Bureau of Mines as manganiferous, containing from 10 to 35 percent manganese, but not manganiferous iron ores which contain from 5 to 10 percent manganese. Over 90 percent of the U.S. consumption of manganese ore is used for the production of ferromanganese, which is used in steel making. At present there is no commercial production of manganese ore in the United States, the last U.S. mine having closed in 1970. The U.S. Bureau of Mines has indicated that there are no foreseeable changes in either technology or economics that would make domestic production of existing reserves feasible. As a result, the United States relies on imports of manganese ore.

Manganese ore is classified under item 601.27 of the TSUS and is dutiable at a MFN rate of 0.2 cents per pound on the manganese content. This item is eligible for duty-free treatment under GSP, and as a result of the MTN, the permanent MFN duty rate will be reduced to free effective January 1, 1980. Thus, the primary effect of this section of the bill is to assure that the suspension of duty will cover importa-

tion made between the expiration of the previous suspensions on June 30, 1979, and the expected reduction of the MFN rate of duty to free on January 1, 1980.

The committee requested public comment on the substance of this provision on October 12, 1979. No objections have been received. The Administration does not object to enactment of this section.

N. MODELS OF HOUSEHOLD FURNISHINGS AND ACCESSORIES

Model household furnishings and accessories are high-valued pieces used chiefly for purposes of collection and decoration, generally through the creation of room or house displays of a recognizable historical period or decor. The cost and sophistication of these articles, including the detail of construction and the approximate scale of 1 to 12, differentiates them from the less expensive and more crudely made doll house parts, furnishing, and accessories used by children for play. It is not uncommon for a single piece of model furniture to cost several hundred dollars at retail. In addition, most children's products, if made to scale at all, are made on a ratio of 1 to 6 or 1 to 16.

There is only one known domestic producer of miniatures in commercial quantities. The remaining production is believed to consist of expensive hand-worked articles made by craftsmen. Most of this production is purchased by the importers of these articles as specialty items, or sold in the craft market. Domestic production is estimated to have had a value of not more than \$500,000 annually over the last five years.

These articles, although not toys, currently enter under a variety of tariff classifications, but primarily under TSUS item 737.95, a basket category related generally to toys, with an MFN rate of duty of 17.5 percent *ad valorem* and a non-MFN rate of duty of 70 percent *ad valorem*. The variety of possible tariff classifications creates uncertainty as to the duty to be applied to imports until actual importation.

Under section 14 of the bill, which contains the substance of section 6 of H.R. 5441 as it passed the House, a new item, 737.08, would be created in the TSUS for these models. The MFN rate of duty on these articles would be 8 percent *ad valorem*, and the non-MFN rate of duty would be 45 percent *ad valorem*. These rates of duty are equal to the lowest rate of duty applicable to articles classified as models in the TSUS.

The new TSUS item created by section 14 of the bill includes a description of the products by their scale, which is "approximately to one-twelfth scale." The word "approximately" permits the Customs Service a variation in scale of as much as 10 percent, to take account of the fact that these articles made by hand may not be precisely to scale. The product description also includes a statement that the measure of the scale may or may not be an actual article. This is intended to allow for the situation in which the scale model is to be measured against a generic (average) type, e.g., the "typical" Queen Anne chair, rather than a specific, actual, life-size article.

The committee requested public comments on this provision of the bill on October 12, 1979. Only one objection was received. The Department of Commerce objects to reducing the rate of duty on these articles faster than the rate at which the duty will be reduced on articles within TSUS item 737.95 pursuant to the concessions recently made

in the MTN. Under those concessions, the present MFN rate of duty will decline over an eight-year period from 17½ percent *ad valorem* to 7 percent *ad valorem*. However, an immediate reduction of duty would reduce an unnecessary expense to purchasers of these models, over 90 percent of the demand for which is supplied by imports. Also, substantial uncertainty for U.S. importers will be eliminated by the simplification of customs classifications, which section 14 of the bill accomplishes, as the Department of Commerce has noted.

O. RUBBER

Section 15 of H.R. 3122, which contains the substance of section 7 of H.R. 5441 as passed by the House this session, would amend headnote 2 to subpart B of part 4 of schedule 4 of the TSUS to redefine the meaning of "rubber" as used in the Tariff Schedules. The redefinition would preserve present Customs Service practice with respect to classification of articles as rubber.

Rubber is defined now in the TSUS to mean a substance which can be vulcanized or otherwise cross-linked and which after cross-linking can meet a so-called stretch-and-return test, *i.e.*, the substance must be capable of being stretched to at least three times its original length, and to be stretched to twice its original length and then to return, when the stress is removed, to within 150 percent of its original length within five minutes. The Customs Service has administered this definition with respect to compounds of rubber, *i.e.*, substances containing rubber and fillers, extenders, pigments, or rubber processing chemicals, by determining whether such substances would meet the definition of rubber if they did not contain the fillers, extenders, pigments, or rubber processing chemicals; if they would meet the definition of rubber if the additional material had not been added to the substance, then the addition of other materials would not prevent them from being considered rubber.

A recent court case has overturned the present Customs Service practice. Under this court decision, the criteria which must be met for a substance to be classified as rubber must be applied to the substance in the form imported. Thus, if a substance is imported as a compound of rubber, then the compound substance must meet the stretch-and-return test. As a result of this interpretation, many products which are now classified as rubber products or considered to be in part rubber, *eg.*, basketball sneakers the mid-soles of which are compounds of rubber and certain filler substances, including iron particles, will no longer be classified as in whole or in part of rubber. This could mean, for example, that articles which are now subject to the American selling price (ASP) basis of customs valuation, *eg.*, rubber footwear (items now classified under TSUS item number 700.60), would no longer be subject to the higher duty required under ASP, because the article will no longer be considered as in whole or in part of rubber; such articles would be subject to lower duties under other tariff item numbers.

The amendment to the definition of rubber in the Tariff Schedules made by this section of the bill preserves present Customs Service practice, which is consistent with Congressional intent. Rubber is defined to include substances which contain fillers, extenders, pigments, or rubber processing chemicals, whether or not such substances, after the addition of the filler, extenders, pigments, or chemicals, can meet

the stretch-and-return test and the cross-linking test, if prior to the addition of such materials the substance could meet the tests.

The committee requested public comments of this provision of the bill on October 12, 1979. No objections have been received. The Administration supports enactment of this provision.

P. TECHNICAL AMENDMENTS

The Special Representative for Trade Negotiations brought to the attention of the committee certain errors in the Trade Agreements Act of 1979 implementing the results of the Multilateral Trade Negotiations. These errors were discovered during the course of preparing the President's proclamation to make effective the U.S. tariff concessions made in those negotiations. Section 16 of this bill makes four amendments to the Trade Agreements Act of a strictly technical nature. The provisions of section 16 are identical to the substance of section 8 of H.R. 5441 as it passed the House.

The first amendment corrects an inadvertent error in section 510 of the Trade Agreements Act, which included amendments to the U.S. Tariff Schedules to simplify and rationalize the complicated and archaic tariff nomenclature for watch movements by eliminating certain obsolete and unnecessary classifications. Section 510, paragraph (2), deleted references in the headnote to the watch tariff schedule to item numbers with beginning digits of 717. and 718., leaving only item 719. However, a conforming amendment was not made in paragraph (8) of section 510 to eliminate items 717. and 718. from appearing in the tariff schedules themselves. The first technical amendment corrects this omission.

Section 514(a) of the Trade Agreements Act converted specific and compound non-MFN rates of duty to ad valorem equivalents for all items for which a similar conversion was made in MFN rates in the MTN in order to eliminate the significant erosion in their protective effect because of inflation. The second technical amendment corrects the new column 2 rates for five item numbers which were printed incorrectly in the act.

Section 601(a)(2) of the Trade Agreements Act provides duty-free treatment for imports of civil aircraft and parts certified for use in civil aircraft, to be proclaimed if the other major signatories accept the MTN agreement on civil aircraft. As the law is presently written, however, the certification "for use in civil aircraft" applies not only to parts of civil aircraft, but to flight simulators and the aircraft as well. The third technical amendment would correct this drafting error to provide that the required certification not apply to flight simulators or the aircraft themselves, since these are not "for use in civil aircraft." This would provide duty-free treatment to such simulators and aircraft, as clearly was intended in the MTN agreement and the Trade Agreements Act.

Section 601(a)(3) of the Trade Agreements Act amends section 466 of the Tariff Act of 1930 to exempt the cost of repair parts, materials, or expenses of repairs purchased or performed in a foreign country on a U.S. civil aircraft from the 50 percent *ad valorem* duty otherwise applicable. This concession implemented an obligation under the MTN agreement on civil aircraft to remove duties on repairs to civil aircraft. As presently drafted, section 601 would exclude many

articles covered by the agreement, normally considered by the industry to be "parts," but which are considered "equipment" under a long history of U.S. Customs administrative rulings regarding section 466. In order to avoid possible litigation and to carry out the intent of the agreement, the fourth technical amendment would specifically include equipment as well as parts in the coverage of the duty-on-repairs exemption.

**Q. TILES FOR THE CHINESE CULTURAL AND COMMUNITY CENTER,
PHILADELPHIA, PA.**

Section 17 of the bill, which is the substance of S. 1536, would direct the Secretary of the Treasury to admit free of duty tiles necessary to renovate the roof of the Chinese Cultural and Community Center in Philadelphia, Pennsylvania. Ceramic roofing tiles are flat or curved pieces of fired clay used as a roof covering. They are classified under item 532.31 of the TSUS dutiable at a non-MFN rate of 55 percent *ad valorem*.

The only tiles available for the roof renovation necessary for the Chinese Cultural and Community Center in Philadelphia have been purchased from the China National Arts and Crafts Import and Export Corporation of the People's Republic of China. The Chinese Cultural and Community Center is a nonprofit corporation. The committee is informed that the Center tried but was unable to obtain authentic and durable replacements for its present roof tiles, which are of an authentic Chinese design consistent with the architecture of the Center's building in Philadelphia, the roof of which was suffering from adverse weather conditions for which the tiles presently in place are not suitable, from domestic manufacturers or importers that have the benefit of MFN or GSP rates of duty. The Center did find an appropriate product in its judgment in the People's Republic of China.

The total cost of the roof and the total revenue loss as a result of this purchase are both extremely small. The value of this importation is \$17,000 compared with annual domestic shipments currently estimated at \$26 million annually.

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

Section 18 of the bill, which contains the substance of S. 1738 as amended by the committee, would add new item 912.09 to the Appendix to the TSUS temporarily suspending (through December 31, 1981) the duty on MFN imports of field glasses, opera glasses, and prism binoculars, all of which are not designed for use with infrared light.

These products are now dutiable under TSUS items 708.51 and 708.52 at MFN rates of 8.5 percent and 20 percent *ad valorem* respectively. MFN imports under both items are eligible for duty-free treatment if imported from a designated beneficiary developing country under GSP. As a result of the MTN, the 8.5 percent and 20 percent MFN duties will be reduced over 8 years to 3.4 percent and 8 percent, respectively.

There is no U.S. production of the imported articles. The bulk of imports are from Japan. During 1978, the value of imports was \$40.9 million.

The committee has received no objections to enactment of this provision. The Administration has informed the committee it has no ob-

jection to this section in its present form. Now that the MTN is completed, previous objections by the Administration to the suspension of the duty on these articles for a short period of time because of a claimed adverse effect on the United States negotiating posture in the MTN is no longer relevant.

IV. COST OF CARRYING OUT THE BILL

In compliance with paragraph 6(a) of Rule XXVII of the Standing Rules of the Senate and sections 308 and 403 of the Congressional Budget Act, the committee states as follows with respect to the revenue losses resulting from the enactment of H.R. 3122, as amended:

(1) Certain dyeing and tanning materials.....	\$235,000 annually.
(2) Wood excelsior.....	\$1,000 annually.
(3) Soluble nitrocellulose.....	\$750,000.
(4) 2-methyl-4-chlorophenol	\$314,000 annually.
(5) Certain ceramic insulators.....	\$1.6 million maximum, annually.
(6) Certain forms of zinc.....	\$1.7 million annually.
(7) Carillon bells.....	\$10,000 annually.
(8) Telescope project.....	\$112,500 annually.
(9) Synthetic rutile.....	\$400,000 annually.
(10) Tantalum-columbium concentrates.....	\$645,000 annually.
(11) Alloys of cobalt.....	\$1.13 million annually.
(12) Bicycle parts.....	\$10.6 million annually.
(13) Manganese ore.....	\$375,000.
(14) Model household furnishings and accessories	\$750,000 annually.
(15) Rubber	No loss.
(16) Technical corrections.....	No loss.
(17) Roof tiles for Chinese Cultural and Community Center, Philadelphia, Pa.....	\$9,350.
(18) Certain field glasses, opera glasses, and prism binoculars.....	\$5.4 million annually.

V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 6(b) of rule XXVII of the Standing Rules of the Senate, the committee states that H.R. 3122, as amended, will not regulate any individuals or business.

VI. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with paragraph 7(c) of Rule XXVI of the Standing Rules of the Senate, the following statement is made relative to the vote by the committee to report the bill.

The bill was ordered reported by a voice vote.

VII. CHANGES IN EXISTING LAW

In compliance with paragraph 7 of Rule XXVII of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TARIFF SCHEDULES OF THE UNITED STATES

* * * * *

SCHEDULE 4.—CHEMICALS AND RELATED PRODUCTS

Item	Articles	Rates of duty	
		1	2
PART 4.—SYNTHETIC RESINS AND PLASTICS MATERIALS; RUBBER			
Subpart B.—Rubber			
Subpart B headnotes:			
1. This subpart covers all rubber whether or not obtained, derived, or manufactured in whole or in part from any product described in part 1 of this schedule.			
<p>2. For the purposes of the tariff schedules, the term "rubber" means a substance, whether natural or synthetic, in bale, crumb, powder, latex, or other crude form, which can be vulcanized or otherwise cross-linked, and which after cross-linking can be stretched at 68° F. to at least three times its original length and which, after having been stretched to twice its original length and the stress removed, returns within 5 minutes to less than 150 percent of its original length, and includes such substance whether or not containing fillers, extenders, pigments, or rubber-processing chemicals.</p>			
<p>2. (a) For the purposes of the tariff schedules, the term "rubber" means any substance, whether natural or synthetic, in bale, crumb, powder, latex, or other crude form, that—</p> <p>(i) can be vulcanized or otherwise cross-linked, and</p> <p>(ii) after cross-linking, can be stretched at 68° F. to at least three times its original length and that, after having been stretched to twice its original length and the stress removed, returns within 5 minutes to less than 150 percent of its original length.</p> <p>(b) For purposes of the tariff schedules other than schedule 4, the term "rubber" also means any substance described in subdivision (a) that also contains fillers, extenders, pigments, or rubber-processing chemicals, whether or not such substance, after the addition of such fillers, extenders, pigments, or chemicals, can meet the tests specified in clauses (i) and (ii) of subdivision (a).</p>			
PART 9.—DYEING AND TANNING PRODUCTS; PIGMENTS AND PIGMENT-LIKE MATERIALS; INKS, PAINTS, AND RELATED PRODUCTS			
Subpart A.—Dyeing and Tanning Products			
Brazil wood, cutch, fustic, henna, logwood, madder, Persian berry, safflower, and saffron:			
470.10	Crude or processed.....	Free.....	Free
470.15	Other.....	4% ad val.....	15% ad val.]
Other:			
470.16	Logwood.....	Free.....	Free
470.18	Other.....	4% ad val.....	15% ad val.
Other:			
470.23	Chestnut, divi-divi, and hemlock.....	Free.....	[15% ad val.] Free
470.25	Other.....	[6% ad val.] Free	[15% ad val.] Free
Other:			
470.55	Myrobalan and sumac.....	[2.5% ad val.] Free	[15% ad val.] Free
470.57	Other.....	[3.5% ad val.] Free	[15% ad val.] Free
Quebracho.....			
Wattle.....			
Other.....			
Valonia: Crude or processed:			
470.65	Other.....	Free.....	[15% ad val.] Free

SCHEDULE 6.—METALS AND METAL PRODUCTS

Item	Articles	Rates of duty	
		1	2
PART 1.—METAL-BEARING ORES AND OTHER METAL-BEARING MATERIALS			
603.65	Materials, other than the foregoing, which are residues not advanced in value or condition by any means, and which if containing over 2 percent by weight of copper, lead, or zinc are not to be treated for the recovery thereof.....	Free.....	Free
	Vanadium bearing materials.....		
	Vanadium pentoxide content.....		
	Other (specify kind).....		
	Gold content.....		
	Silver content.....		
603.67	Materials, other than the foregoing, which are synthetic tantalum-columbium concentrates.....	Free.....	30% ad val.

SCHEDULE 7.—SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

Item	Articles	Rates of duty	
		1	2
PART 3.—MUSICAL INSTRUMENTS, PARTS, AND ACCESSORIES			
Subpart A.—Musical Instruments			
Percussion musical instruments:			
725.30	Cymbals.....	5% ad val.....	40% ad val.
725.32	Drums.....	8.5% ad val.....	40% ad val.
	Sets of tuned bells known as chimes, peals, or carillons:		
725.34	Containing not over 22 bells.....	5% ad val.....	40% ad val.
725.36	Containing over 22 but not over 34 bells.....	7% ad val.....	20% ad val.
725.38	Containing over 34 bells.....	3% ad val.]	20% ad val.
		Free	

PART 5.—ARMS AND AMMUNITION; FISHING TACKLE; WHEEL GOODS; SPORTING GOODS, GAMES AND TOYS

Subpart E.—Models; Dolls, Toys, Tricks, Party Favors

Subpart E headnotes:

1. The articles described in the provisions of this subpart [(except parts)] (except parts other than parts of models classified in item 737.08) shall be classified in such provisions, whether or not such articles are more specifically provided for elsewhere in the tariff schedules, but the provisions of this subpart do not apply to—

(i) doll carriages, doll strollers, and parts thereof (see part 5C of this schedule);

(ii) wheeled goods designed to be ridden by children, and parts thereof (see part 5C of this schedule); or

(iii) games and other articles in items 734.15 and 734.20, toy balls (items 735.09-.12), and puzzles and games in item 735.20 (see part 5D of this schedule).

Item	Articles	Rates of duty	
		1	2
Part 5.—Continued			
Subpart E.—Continued			
Model trains, model airplanes, model boats, and other model articles, all the foregoing whether or not toys; [and] construction kits or sets for making or assembling such model articles; and parts of models classified in item 737.08:			
737.05	Models of inventions and of other improvements in the arts, to be used exclusively as models.....	Free.....	Free
*	*	*	*
737.08	Models of household furnishings, lamps, lighting fixtures, other household accessories, and building parts of houses, and parts thereof, and kits for constructing same; all the foregoing made approximately to 1/2 scale (whether or not made to scale of an actual article).....	8% ad val.....	45% ad val.
*	*	*	*
APPENDIX TO THE TARIFF SCHEDULES			
*	*	*	*

Item	Articles	Rates of duty		Effective period
		1	2	
PART 1.—TEMPORARY LEGISLATION				
*	*	*	*	*
Subpart B.—Temporary Provisions Amending the Tariff Schedules				
*	*	*	*	*
904.00	Wood excelsior, including excelsior pads and wrappings (provided for in item 200.25, part 1A, schedule 2).....	Free.....	No change...	On or before 6/30/81
*	*	*	*	*
907.11	2-Methyl-4-chlorophenol (provided for in item 403.60, part 1B, schedule 4).....	Free.....	No change...	On or before 6/30/81
*	*	*	*	*
907.77	Nitrocellulose (provided for in item 445.25, part 4A, schedule 4).....	Free.....	No change...	On or before 6/30/80
*	*	*	*	*
907.80	Logwood, canaigre, chestnut, curupay, dividivi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia, all the foregoing provided for in items 470.15, 470.23, 470.25, 470.55, 470.57, and 470.65, part 9A, schedule 4.....	Free.....	Free.....	On or before 6/30/81
*	*	*	*	*
909.20	Ceramic insulators having an alumina oxide content of not less than 96%, if used in spark plugs (provided for in item 635.14, part 2D, schedule 5).....	4% ad val....	No change...	On or before 6/30/81
*	*	*	*	*
911.00	Zinc-bearing ores (provided for in item 602.20, part 1, schedule 6).....	Free on zinc content	No change...	On or before [6/30/78] 6/30/81
911.01	Zinc dross and zinc skimmings (provided for in item 603.30, part 1, schedule 6).....	Free.....	No change...	On or before [6/30/78] 6/30/81

PART 1.—TEMPORARY LEGISLA-
TION—ContinuedSubpart B.—Temporary Provisions Amend-
ing the Tariff Schedules—Continued

Item	Articles	Rates of duty		Effective period
		1	2	
911.02	Zinc-bearing materials (provided for in items 603.49, 603.50, 603.54, and 603.55, part 1, schedule 6)-----	Free on zinc content	No change..	On or before 6/30/78 ; 6/30/81
911.03	Zinc waste and scrap (provided for in item 626.10, part 2, schedule 6)-----	Free.....	No change..	On or before 6/30/78 ; 6/30/81
911.07	Manganese ore, including ferruginous manganese ore, and manganiferous iron ore, all the foregoing containing over 10 percent by weight of manganese (provided for in item 601.27, part 1, schedule 6)-----	Free.....	1¢ per lb. on manganese content	On or before 6/30/79 ; 6/30/82.
911.25	Synthetic rutile (provided for in item 603.70, part 1, schedule 6)-----	Free.....	No change..	On or before 6/30/79 ; 6/30/82
911.27	Synthetic tantalum/columbium concentrate (provided for in item 603.70, pt. 1, schedule 6)-----	Free.....	No change..	On or before 6/30/80.
911.90	<i>Unwrought alloys of cobalt containing, by weight, 76% or more but less than 99% cobalt (provided for in item 632.84, part 2K, schedule 6)-----</i>	Free.....	No change...	On or before 6/30/82.
912.05	Generator lighting sets for bicycles, and parts thereof (provided for in item 653.39, part 3F, schedule 6)-----	Free.....	No change...	On or before 6/30/80 ; 6/30/83.
912.09	<i>Field glasses, opera glasses, and prism binoculars, not designed for use with infrared light (provided for in item 708.51 or 708.52, part 2A, schedule 7)-----</i>	Free.....	No change...	On or before 12/31/81.
912.10	Caliper brakes, drum brakes, coaster brakes, two-speed hubs with internal gear-changing mechanisms, three-speed hubs incorporating coaster brakes, three-speed hubs not incorporating coaster brakes, click twist grips, click stick levers, multiple free wheel sprockets, cotterless type crank sets, [rims,] frame lugs , parts of all the foregoing, and parts of bicycles consisting of sets of steel tubing cut to exact length and each set having the number of tubes needed for the assembly (with other parts) into the frame and fork of one bicycle (provided for in items 732.35, 732.38, and 732.39, part 5C, schedule 7)-----	Free.....	No change...	On or before 6/30/80 ; 6/30/83.

607.21----- 【0.5% ad val. + additional duties】 1% ad
 val. + additional duties

* * * * *

TITLE VI—CIVIL AIRCRAFT AGREEMENT

SEC. 601. CIVIL AIRCRAFT AND PARTS.

(a) GENERAL.—When the conditions under section 2(b) of this Act on acceptance of the Agreement on Trade in Civil Aircraft are fulfilled, the President may proclaim after September 30, 1979, the changes provided for under the following amendments:

(1) * * *

* * * * *

(2) A duty rate of “Free” in rate column numbered 1 of the Tariff Schedules of the United States for those articles classified in the following items which the President determines would provide coverage comparable to that provided by foreign countries in the Annex to the Agreement on Trade in Civil Aircraft if such articles (*other than flight simulating machines classified in item 678.50 and civil aircraft classified in item 694.15, 694.20 or 694.40*) are certified for use in civil aircraft in accordance with headnote 3 to schedule 6, part 6, subpart C of the Tariff Schedules of the United States:

* * * * *

(3) Section 466 of the Tariff Act of 1930 (19 U.S.C. 1466) is amended by adding at the end thereof the following new subsection:

【(f) The duty imposed under subsection (a) shall not apply to the cost of repair parts, materials, or expenses of repairs in a foreign country upon a United States civil aircraft, within the meaning of headnote 3 to schedule 6, part 6, subpart C of the Tariff Schedules of the United States.”】

“(f) CIVIL AIRCRAFT EXCEPTION.—*The duty imposed under subsection (a) shall not apply to the cost of equipments, or any part thereof, purchased, of repair parts or materials used, or of repairs made in a foreign country with respect to a United States civil aircraft, within the meaning of headnote 3 to schedule 6, part 6, subpart C of the Tariff Schedules of the United States.*”

* * * * *

