

TEMPORARY SUSPENSION OF DUTY ON CERTAIN SILK YARN

JULY 13 (legislative day, JULY 12), 1965.—Ordered to be printed

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

REPORT

[To accompany H.R. 5768]

The Committee on Finance, to whom was referred the bill (H.R. 5768) to extend for an additional temporary period the existing suspension of duties on certain classifications of yarn of silk, having considered the same, report favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE

The purpose of H.R. 5768 as passed by the House is to continue for 3 years, until the close of November 7, 1968, the existing suspension of duties on certain classifications of spun silk yarn. The Committee on Finance approves of this continued temporary suspension of duty.

COMMITTEE AMENDMENT

The committee amendment creates a specific tariff category for certain textured yarn composed of continuous manmade fibers and provides a rate of duty for this product of 25 cents per pound plus 30 percent ad valorem.

GENERAL EXPLANATION OF HOUSE BILL

Public Law 86-235, approved September 8, 1959, suspended for 3 years (until the close of November 7, 1962) the import duties imposed under paragraph 1202 of the old tariff schedules of the Tariff Act of 1930 on spun silk or schappe silk yarn (not dyed or colored, singles of more than 58,800 yards per pound, or plied of more than 29,400 yards per pound). The period of suspension was continued for an additional 3 years by Public Law 87-602, approved August 24, 1962.

The committee bill, like the House bill, would continue the suspension of these duties (now provided for in items 905.30 and 905.31 of the new tariff schedules) for an additional 3 year period, until the close of November 7, 1968.

Spun silk yarns are of two principal types: Standard spun silk (schappe) yarn and silk-noil (bourrette) yarn. Standard or schappe spun silk yarns for general textile use are manufactured from long parallelized silk fiber stock recovered from waste cocoons and silk filature waste and are used for making sewing thread, decorative stripings for fine worsteds, lacing cord for cartridge bags and, in combination with other fibers, certain types of necktie fabrics, shirtings, dress and suiting fabrics, upholstery and drapery materials.

The silk-noil type of yarn is made from shorter length, and hence cheaper, silk fiber stock than schappe and must be spun on wool-spinning machinery. The material used consists of silk noils discarded as byproducts in preparing silk waste for spinning in standard spun silk yarns. Such yarns have few civilian uses except in mixture fabrics containing other fibers. Their chief use is in the weaving of silk cartridge cloth for powder bags for large caliber ordnance.

The suspension of duty was made in order to enable domestic producers of fine-yarn fabrics to import fine silk yarns free of duty so as to make it more economical for them to produce fine-yarn fabrics in competition with imported similar fabrics. The committee is advised that the same reasons which justified the original suspension of the duty justify the continuation of the suspension. Imports under the suspension of duty amounted to approximately \$855,400 in value for the last 2 months of 1959, \$2,074,800 in 1960, \$743,100 in 1961, \$1,017,900 in 1962, \$2,575,700 in 1963, and \$636,700 in 1964.

No objection has been received by the committee to the continued suspension of duty on this silk yarn.

EXPLANATION OF COMMITTEE AMENDMENT

This amendment relates to the tariff treatment of certain textured (or crinkled) yarns composed of continuous filaments of manmade fiber. At present, yarn of this sort may be dutiable under a range of rates depending upon such considerations as whether it is of single filaments or plied, the number of turns per inch put into the yarn, and the value of the finished product. These rates, found in items 310.01 through 310.60 of the tariff schedules, range from a low of 25 cents per pound for yarns valued not over \$1 per pound (twisted, with not over 20 turns per inch), or 22.5 percent ad valorem if it is valued at more than \$1, up to a compound rate of 25 cents per pound plus 30 percent ad valorem for certain yarns of manmade fiber which are neither wholly of continuous fiber nor wholly of noncontinuous fiber.

The textured yarn, in the instance called to the attention of the committee, is subjected to considerable additional processing which conventional synthetic yarns do not undergo. In these texturing processes, ordinary multifilament yarn of thermoplastic manmade fiber such as nylon or acetate is knitted into a fabric on a machine with 10 or 12 knitting heads. The resulting fabric, in the form of a tube, is taken up on a reel as it is produced. The fabric is then removed from the reel and inserted in a steam chamber at temperatures from 205° to 265° for a period of from 30 minutes to 2 hours.

As a result of the knitting operation, the yarn has turns and crinkles in it. The heat "sets" this crimp permanently in the yarn.

The fabric is removed from the steam chamber and "deknitted"; i.e., the yarn is unraveled, and wound onto a package on a winding machine. The yarn may then be subsequently reknit or otherwise introduced into a fabric via tricot machines, looms, tufters, etc. Fabrics produced with crinkled yarns have a bouclé (rough, curly, knotted in appearance) or pebbly look, an appearance and "hand" desired in many contemporary textile applications.

Your committee believes this textured yarn should not be dutiable at rates historically applied to conventional yarns which are not subjected to the extra manipulations involved in the texturizing processes. For this reason, an amendment is added to the House bill to provide a specific tariff category for this product and to establish a uniform rate of duty for it. Under the bill, yarn of continuous manmade fiber having special characteristics of bulk or elasticity imparted to it (or to its fibers) by heating, twisting, and untwisting, crimping, curling, or other similar processing is to be treated under a new item 310.70 at a rate of 25 cents per pound plus 30 percent ad valorem. Your committee points out that this is the same rate that presently applies, under item 310.60 of the tariff schedules, to yarns of manmade fiber which are neither wholly of continuous fiber nor wholly of noncontinuous fiber.

This committee amendment applies with respect to yarns entered or withdrawn from warehouses for consumption after the 90th day after the date of enactment of this bill. It is provided in the bill that the rate of duty fixed by the bill is to be taken into account in connection with the trade negotiations in Geneva under the Trade Expansion Act of 1962.

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 italic; existing law in which no change is proposed is shown in roman):

TARIFF ACT 1930

TARIFF SCHEDULES OF THE UNITED STATES

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SCHEDULE 3. TEXTILE FIBERS AND TEXTILE PRODUCTS

PART 1. Textile Fibers and Wastes; Yarns and Threads

Item	Articles	Rates of duty	
		1	2
	SUBPART E. MAN-MADE FIBERS		
319.70	<i>Yarns of continuous man-made fibers having special characteristics of bulk or elasticity imparted to the yarns or the fibers by heating, twisting and untwisting, crimping, curling, or other processing</i>	<i>25¢ per lb. + 30% ad val.</i>	<i>45¢ per lb. + 65% ad val.</i>

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APPENDIX TO THE TARIFF SCHEDULES

PART 1. Temporary Legislation

Item	Articles	Rates of duty		Effective period
		1	2	
	PART 1. TEMPORARY LEGISLATION			
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	SUBPART B. TEMPORARY PROVISIONS AMENDING THE TARIFF SCHEDULES			
	* * *			
905.30	Yarns, wholly of noncontinuous silk fibers (provided for in part 1D, schedule 3): Singles, not bleached and not colored, measuring over 58,800 yards per pound (item 308.40).....	Free	Free	On or before [11/7/65] 11/7/68
905.31	Plied, not bleached and not colored, measuring over 20,400 yards per pound (item 308.50 and item 308.51).....	Free	Free	
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