

TRANSFER OF CASEIN TO FREE LIST

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Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 10928]

The Committee on Finance, to whom was referred the bill (H.R. 10928) to transfer casein or lactarene to the free list of the Tariff Act of 1930, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass,

PURPOSE OF THE BILL AND AMENDMENT

The purpose of H.R. 10928 is to transfer casein or lactarene to the free list of the Tariff Act of 1930.

The amendment is technical in nature. The bill as referred to the committee would have established paragraph 1827 of the Tariff Act and listed casein under that paragraph. However, since the bill was filed a new tariff paragraph 1827 has been established for other commodities placed on the free list. Following that, the next consecutive paragraph would be 1828 and the bill was amended to change the tariff paragraph number from 1827 to 1828.

GENERAL STATEMENT

Paragraph 19 of the Tariff Act of 1930 provides for casein or lactarene (lactarene being a term now obsolete which has in the past been used synonymously with casein) and also for mixtures of which casein or lactarene is the component material of chief value not specially provided for. H.R. 10928 would transfer casein or lactarene to the free list, leaving the mixtures in paragraph 19.

Casein or lactarene, and the mixtures, were originally dutiable under the Tariff Act of 1930 at 5½ cents per pound. This rate of duty was reduced to 2½ cents per pound, effective November 15, 1941, pursuant to a concession granted in the trade agreement with Argentina. The reduced rate has been subsequently bound against

increase pursuant to concessions granted in the trade agreement with Uruguay and in the General Agreement on Tariffs and Trade (GATT).

The duty imposed on imports of casein or lactarene and mixtures under the Tariff Act of 1930 was temporarily suspended, effective September 3, 1957 (Public Law 85-257) until April 1, 1960. The suspension was continued until July 2, 1960 by Public Law 86-405. Public Law 86-562 further continued the suspension until July 1, 1963, except that the suspension was made inapplicable after July 30, 1960, to "sodium caseinate, sodium phospho-caseinate, or other caseinates * * * of which casein or lactarene is the component material of chief value".

Casein is a yellowish, medium-hard, granular solid classified chemically as a phosphoprotein. It comprises about 3 percent of cow's milk, and is extracted commercially from skim milk (milk from which the cream or butterfat has been removed) by precipitation, usually with acid but sometimes with rennet (an extract of the stomach of young animals). Acid casein is the more important; the use of rennet casein is relatively small. Skim milk is also the raw material for the manufacture of cottage cheese and powdered dry nonfat milk, both important food products.

Casein is used principally in the manufacture of coated paper, adhesives, emulsions, plastics, paints, and fibers. It is also used for making sodium caseinate and other edible casein derivatives, which are used in turn in sausages, bakery products, pharmaceuticals, and baby foods. These casein derivatives are classified for tariff purposes under the provision in paragraph 19 of the Tariff Act of 1930 for mixtures of which casein is the component material of chief value, and would remain so classified.

The apparent domestic consumption of casein and casein derivatives increased during the last decade from 65 million pounds in 1951 to 103.3 million pounds in 1961. However, whereas about one-third of the casein and casein derivatives consumed in the United States in 1951 had been produced domestically, less than 5 percent was so produced in 1961. The U.S. Tariff Commission states that the decline in domestic production of casein was a direct result of the milk price-support program of the Department of Agriculture, under which the price of nonfat dry milk solids is supported. The report of the Tariff Commission states that "Although the price-support program has operated to increase sharply the total production of whole milk, at the same time it has tended to reduce the relative profitability of converting skim milk to casein."

On the basis of the experience gained under the temporary suspension of duties on casein, which has been in effect continuously since September 3, 1957, it would seem that the transfer of casein to the free list is warranted.

Favorable reports on this legislation were received from the Departments of State, Agriculture, Treasury, and Labor, as well as an informative report from the U.S. Tariff Commission.

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, 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 ACT OF 1930

TITLE I—DUTIABLE LIST

SECTION 1. That on and after the day following the passage of this Act, except as otherwise specially provided for in this Act, there shall be levied, collected, and paid upon all articles when imported from any foreign country into the United States or into any of its possessions (except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam) the rates of duty which are prescribed by the schedules and paragraphs of the dutiable list of this title, namely:

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PAR. 19. [Casein or lactarene and mixtures] *Mixtures* of which casein or lactarene is the component material of chief value, not specially provide for, 5½ cents per pound.

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TITLE II—FREE LIST

SEC. 201. That on and after the day following the passage of this Act, except as otherwise specially provided for in this Act, the articles mentioned in the following paragraphs, when imported into the United States or into any of its possessions (except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, Johnston Island, and the island of Guam), shall be exempt from duty:

* * * * *

PAR. 1826. Horsemeat, fresh, chilled, or frozen, whether or not decharacterized (except horsemeat packed in immediate containers weighing with their contents less than ten pounds each).

PAR. 1828. *Casein or lactarene.*

