

DUTY-FREE TREATMENT FOR CERTAIN SAMPLE
MATERIALS

DECEMBER 16 (legislative day, DECEMBER 15), 1970.—Ordered to be printed

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

REPORT

[To accompany H.R. 9183]

The Committee on Finance, to which was referred the bill (H.R. 9183) to amend the Tariff Schedules of the United States to provide that imported articles which are exported and thereafter reimported to the United States for failure to meet sample or specifications shall, in certain instances, be entered free of duty upon such reimportation, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE

The purpose of H.R. 9183, is to provide that imported articles on which the duty has been paid and which are subsequently exported, but reimported for failure to meet sample or specifications abroad shall be accorded duty-free treatment in certain instances.

GENERAL STATEMENT

Insofar as articles exported and returned are concerned the Tariff Schedules of the United States provide that in the absence of a specific provision to the contrary, the tariff status of an article is not affected by the fact it was previously imported into the customs territory of the United States and cleared through customs whether or not duty was paid upon such previous importation.

There is no specific provision for imported articles, on which duties have been paid, which are subsequently exported, and returned to the United States due to failure of the articles to meet sample or specifications in the foreign country. The committee was informed that in at least one instance a shipment of articles was imported and the normal duty was paid. Thereafter the articles were sold and exported to a

customer in a foreign country, who subsequently rejected them for the reason that they did not conform to specification. Upon return to the United States, the articles were again subject to duty under U.S. tariff law. The committee is of the opinion that the law should be changed, as proposed in H.R. 9183, to prevent a recurrence of double liability for duty payment on imported articles under similar circumstances.

For this purpose, the bill would insert a new duty-free tariff classification provision, item 801.10, in schedule 8 of the Tariff Schedules of the United States. This provision would permit duty-free entry for articles, previously imported, with respect to which the duty was paid upon such previous importation, under certain conditions. Such articles could be entered free of duty if: (1) exported within 3 years after the date of such previous importation; (2) reimported without having been advanced in value or improved in condition by any process of manufacture or other means while abroad; (3) reimported for the reason that such articles do not conform to sample or specifications, and (4) reimported by or for the account of the persons who imported them into, and exported them from, the United States.

With respect to condition (2) above, the bill as originally introduced would not have permitted the duty-free treatment if the articles had been advanced in value or improved in condition "at any time after such previous importation and before reimportation." At the suggestion of the Department of Commerce, the committee amended the bill so as to disallow duty-free treatment if the articles were advanced in value or improved in condition "while abroad." This would permit such duty-free treatment if advancement in value or improvement in condition of the articles takes place in the United States prior to exportation of the articles.

The committee also provided with respect to the effective date that the new provision would apply only to articles imported after the date of enactment which had not been previously imported before such date.

Favorable reports on H.R. 9183 were received from the Departments of Commerce, State, Treasury, Labor, and Agriculture, and the Office of the Special Representative for Trade Negotiations. An informative report was received from the U.S. Tariff Commission.

CHANGES IN EXISTING LAW MADE BY THE BILL AS REPORTED

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 SCHEDULES OF THE UNITED STATES

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SCHEDULE 8.—SPECIAL CLASSIFICATION PROVISIONS

Item	Articles	Rates of Duty	
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801.00	Articles, previously imported, with respect to which the duty was paid upon such previous importation, if (1) reimported, without having been advanced in value or improved in condition by any process of manufacture or other means while abroad, after having been exported under lease to a foreign manufacturer, and (2) reimported by or for the account of the person who imported it into, and exported it from, the United States.	Free	Free.
801.10	Articles, previously imported, with respect to which the duty was paid upon such previous importation if (1) exported within three years after the date of such previous importation, (2) reimported without having been advanced in value or improved in condition by any process of manufacture or other means while abroad, (3) reimported for the reason that such articles do not conform to sample or specifications, and (4) reimported by or for the account of the person who imported them into, and exported them from, the United States.	Free	Free.

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