

EXTENSION OF EXISTING SUSPENSION OF DUTY ON
CERTAIN DYEING AND TANNING MATERIALS

JULY 17, 1973.—Ordered to be printed

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

REPORT

[To accompany H.R. 3630]

The Committee on Finance, to which was referred the bill (H.R. 3630) to extend for 3 years the period during which certain dyeing and tanning materials may be imported free of duty, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE

The purpose of H.R. 3630, as reported, is to suspend temporarily, until the close of September 30, 1975, duties on imports of certain dyeing and tanning materials.

COMMITTEE AMENDMENT

The committee amendment substitutes for the House bill the text of S. 2044 which differs from the House version of H.R. 3630 in two respects. First, the committee version adds the dyeing extract logwood to the list of dyeing and tanning extracts subject to the temporary duty suspension. Logwood like the other materials is not produced in the United States and the Commerce Department recommended to the committee that the duty on logwood be suspended.

Second, the committee bill makes clear that the duty suspension applies to all entries after September 30, 1972, the date on which the previous suspension of duties terminated. The House bill would apply to entries made on or after the date of enactment and to entries made after September 30, 1972, and before the date of enactment, unless the imports had become liquidated, that is, the duties were fully and finally collected.

The Commerce Department assured the committee that the retroactive feature would cause no administrative difficulty since there are

only two importers and the amount of duties collected were small, that is, less than \$5,000. Since there is a long history of duty suspension for dyeing and tanning extracts, and a continued short supply situation, the committee felt the retroactive feature was warranted.

The letter from the Commerce Department supporting the committee's action follows:

JULY 12, 1973.

HON. RUSSELL B. LONG,
Chairman, Committee on Finance, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your request for the views of this Department on S. 2044, a bill to extend until September 30, 1975, the suspension of duty on certain dyeing and tanning materials and to include logwood among such products.

If enacted, the legislation would amend item 907.80 of the Appendix of the Tariff Schedules of the United States (TSUS) (19 U.S.C. 1202) by extending the suspension of duty on certain dyeing and tanning materials until September 30, 1975, and by adding logwood extract to the list of affected products. The amendments made by the legislation would apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date of enactment.

The bill would further provide that upon request filed with the appropriate customs officer within 60 days after enactment, any entries of dyeing and tanning materials after September 30, 1972, and on or before the date of enactment shall, notwithstanding the provisions of section 514 of the Tariff Act of 1930 or any other provision of law, be liquidated or reliquidated as if such articles had been free of duty at the time of entry.

The Department of Commerce has no objection to the enactment of S. 2044.

The duties on certain dyeing and tanning products used chiefly by the leather industry and also by the oil-well drilling industry have been suspended since 1957. In addition to S. 2044 would suspend extending the existing duty suspensions, the duty on a new dyeing material—logwood extract—used largely by the textile industry.

In our comments to the House Committee on Ways and Means on H.R. 3630, this Department favored continuing the suspension on the products presently covered. We also favor adding logwood to the list of dyeing and tanning materials on which the duty is suspended.

Presently, logwood in a crude or crude-processed-for-shipment form enters duty-free under TSUS item 470.10, or as an extract under TSUS item 470.15, dutiable at 4 percent ad valorem. In 1972, import data show that the value of all dyeing and tanning extracts entered under item 470.15 amounted to \$79,986 and that imports came primarily from France. While imports of logwood extract are not separately reported under item 470.15, it is estimated that logwood extract accounted for the bulk of the trade.

Since there is no domestic source of crude logwood, and no domestic firm makes logwood extract, users of such materials are dependent on imports to meet their needs. The proposed legislation would eliminate a duty which serves no useful purpose and would reduce the cost of the subject material to U.S. dye firms, which are dependent upon imports of logwood extracts.

As a general rule, this Department prefers that the removal, or reduction, of duties be accomplished as a result of trade agreements in which the United States could seek reciprocal treatment for U.S. exports. In the present case, however, the negotiating value of the tariff concession would be *de minimis* because of the small amount of trade involved and because logwood extract is not produced in the United States.

This Department generally opposes retroactive provisions on grounds that for the most part reimbursement of duties constitutes a windfall gain to foreign suppliers or importers and does not benefit U.S. consumers. In this case, however, the importers involved have given assurances that any duties reimbursed would be passed along to their customers. Thus, the Department feels that the retroactive provisions of the bill are warranted.

In the event that this legislation is enacted, it would have no impact on the revenues to, or administrative costs of, this Department.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of our proposed report to the Congress from the standpoint of the administration's program.

Sincerely,

KARL E. BAKKE,
Acting General Counsel.

GENERAL STATEMENT

Legislation for the temporary suspension of duties on certain dyeing and tanning extracts was first enacted in 1957. With various changes, including the addition of other dyeing and tanning extracts, the suspension of duties has been extended on a number of occasions. The last such extension, which terminated on September 30, 1972, was provided in Public Law 91-388. H.R. 15795, 92d Congress, a bill similar to H.R. 3630, was favorably reported by the committee, but was not acted on prior to adjournment of the 92d Congress.

Under the committee bill, H.R. 3630, would suspend the duty until the close of September 30, 1975, on certain dyeing and tanning products of logwood canaigre, chestnut, curupay, divi-divi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebracho, sumac, urunday, wattle, and valonia, and which are provided for in terms 470.15, 470.23, 470.25, 470.55, 470.57, and 470.65 of part 9A, schedule 4, of the Tariff Schedules of the United States.

The only vegetable tanning material which has been produced in the United States in significant quantity is chestnut tanning extract. With the continued decline in the availability of chestnut trees, domestic firms producing tanning extracts have been unable to secure raw materials. Thus, the domestic availability of tanning extracts has steadily declined. The committee is informed that the conditions which led to the original suspension of duties on dyeing and tanning materials continue to exist.

These imported vegetable tanning materials are needed by the tanning and leather industries to convert raw hides and skins into leather. Also certain of the materials are used by the oil well drilling industry as a thinner for fluids used in rotary drilling operations.

In view of the continued lack of domestic availability of these dyeing and tanning materials, your committee believes that the suspension of duties as provided in H.R. 3630, as amended, is warranted.

No objection to H.R. 3630 has been received by the committee.

In view of the fact that the previous suspension of duty terminated on September 30, 1972, the bill is amended to provide that the suspension of duties will apply to entries made on or after September 30, 1972.

COSTS OF CARRYING OUT THE BILL AND EFFECT ON THE REVENUES OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out this bill and the effect on the revenues of the bill. The committee estimates that the provisions of this bill will result in an additional revenue loss of no more than \$4,800 per year and will result in no additional administrative costs.

VOICE OF COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act, as amended, the following statement is made relative to the vote of the committee on reporting the bill. This bill was ordered favorably reported by the committee without a rollcall vote and without objection.

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 SCHEDULES OF THE UNITED STATES

APPENDIX TO THE TARIFF SCHEDULES

Item	Articles	Rates of Duty		Effective Period
		1	2	
	<p>PART 1.—TEMPORARY LEGISLATION</p> <p>Subpart B.—Temporary Provisions Amending the Tariff Schedules</p>			
907.80	<p>[Canaiya] <i>Logwood, canaiyre, chestnut, curupay, dividivi, eucalyptus, hemlock, larch, tara, mangrove, myrobalan, oak, quebache, sumatruunday, 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</i></p>	Free	Free	On or before [Sept. 30, 1972] Sept. 30, 1976.