

PROVIDING FOR THE FREE IMPORTATION OF BALER
TWINE

JULY 27, 1951.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. DOUGHTON, from the Committee on Ways and Means, submitted
the following

REPORT

[To accompany H. R. 1005]

The Committee on Ways and Means, to whom was referred the bill (H. R. 1005), having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are as follows:

In line 7, insert a comma immediately before the quotation mark.
After line 7, insert the following new section:

SEC. 2. The amendment made by this Act shall be effective with respect to articles entered, or withdrawn from warehouse, for consumption after the date of the enactment of this Act.

PURPOSE

This bill would provide for the entry, free of duty, of twine chiefly used for baling hay, straw, and other fodder and bedding materials, which is commonly referred to as baler twine. This would be accomplished by amending paragraph 1622 of the Tariff Act of 1930, as amended, which paragraph now provides for the entry, free of duty, of binder twine. Under the existing provisions of paragraph 1622 of the Tariff Act of 1930, binding twine is admitted free of duty if—manufactured from New Zealand hemp, henequen, manila, istle or Tampico fiber, sisal grass, or sunn, or a mixture of any two or more of them, of single ply and measuring not exceeding 750 feet to the pound.

Under the bill, these restrictions will apply not only to binder twine, but also to baler twine which is chiefly used for baling hay, straw, and other fodder and bedding materials.

GENERAL STATEMENT

Baler twine is now subject to duty at 15 percent ad valorem. It is used principally in automatic pick-up hay balers to tie and bind bales of hay, straw, and fodder crops. It first came into use in 1939, and its use has increased materially since that time due to the steadily increasing use of automatic pick-up twine balers by farmers who find that such bailing is efficient and economical. Binder twine, which is also an agricultural twine, and which is used primarily for binding sheaves of grain and corn, and in some cases hay, has been duty-free since 1896. In many other instances, Congress has exempted from duty commodities and implements used in agricultural pursuits.

The Court of Customs and Patent Appeals held in the case of *Wilbur-Ellis Co. v. United States* (26 C. C. P. A. 402 (1939)), that the baling of hay is an agricultural pursuit. That case involved the question of the entry of wire-baling ties which were held entitled to entry free of duty under paragraph 1604 of the Tariff Act of 1930 as agricultural implements. Yet, by a ruling of the Commissioner of Customs, on October 15, 1945, holding that baler twine falls within paragraph 1005 (b) of the Tariff Act of 1930, baler twine used for the same purposes as baling wire is now dutiable at 15 percent ad valorem. This decision of the Commissioner of Customs is still in the process of litigation.

Your committee believes that there is no just basis for distinguishing between the tariff status of such essential commodities of similar use on the farm as binder twine, baling wire, and baler twine. This bill will place baler twine on the same duty-free status as binder twine and baling wire, which is in accord with the established policy of Congress to admit agricultural commodities and implements free of duty.

Witnesses representing farmers and farm organizations appeared before your committee and testified that there is an acute shortage of baler twine. Many reports have been received that, even at the high prices for which baler twine is now selling, it is impossible to obtain sufficient supplies of this twine, which has resulted in losses of hay crops. The representatives of the farm organizations testified that a growing number of farmers are demonstrating a preference for baler twine over baling wire both from the standpoint of greater safety to livestock and greater economy of operation of balers using twine over balers using wire. Although domestic manufacturers of baler twine testified that production in the current year is at a higher rate than in the previous year, they agreed that in many areas of the country farmers have been unable to obtain baler twine in sufficient quantity to meet their needs.

Testimony presented before your committee was in general agreement that imports of baler twine would be increased by providing for duty-free entry. There is no reason to believe that the American farmer would not insist upon as high a standard of quality in the baler twine imported free of duty as he insists upon today in baler twine subject to duty and baler twine produced by domestic manufacturers.

Yet the benefit to the American farmer accorded by this bill, in the judgment of your committee, will result in no substantial adverse effect upon the domestic producers of baler twine. The record of the

hearings before your committee affords no basis for concluding that the elimination of the present duty would prevent domestic manufacturers from selling their production of baler twine at a reasonable price.

Nor would there be any adverse effect upon the national security of the United States from the removal of the present tariff on baler twine. Arguments were presented that the stockpiling objectives of the Munitions Board might be endangered on the ground that there would not be a domestic industry large enough to handle the rotation of the fibers if imports of baler twine were allowed to come in duty-free. It is understood, however, that foreign producers of baler twine have already been asked to share in the rotation of the stockpile maintained in this country.

Accordingly, there seems to be no sound reason for denying the plea of the four major American farm organizations to relieve the American farmer from the penalty of the tariff on baler twine under existing law through passage of H. R. 1005. In their joint testimony before the Committee on Ways and Means, the representatives of the American Farm Bureau Federation, the National Council of Farmer Cooperatives, the National Farmers Union, and the National Grange urged that passage of the bill is in the public interest for the following reasons:

First, to carry out a long-established tariff policy of Congress to admit free binding twine.

Second, to increase the supply of baler twine available in this country.

Third, to bring about a more reasonable price.

Fourth, to provide healthy competition in which, we firmly believe, the domestic producer will continue to retain the bulk of a rapidly expanding market.

Fifth, to protect the American food supply.

A favorable report on the bill was received from the Department of Agriculture, and the Bureau of the Budget reported that the bill is in accord with the program of the President.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

PARAGRAPH 1622 OF SECTION 201 OF TITLE II OF THE TARIFF ACT OF 1930, AS AMENDED

PAR. 1622. All binding [twine manufactured] *twine, and twine chiefly used for baling hay, straw, and other fodder and bedding materials manufactured from New Zealand hemp, heneguen, manila, istle or Tampico fiber, sisal grass, or sunn, or a mixture of any two or more of them, of single ply and measuring not exceeding seven hundred and fifty feet to the pound.*

MINORITY VIEWS ON H. R. 1005

H. R. 1005 is permanent legislation involving in long-range effect our national security, the welfare of our domestic cordage industry, and the American farmer. In our opinion the result of enactment of H. R. 1005 will be injurious to all three.

The alleged purpose of H. R. 1005 is to cure an emergency shortage of baler twine used by our farmers, principally in the automatic pick-up hay baler to tie and bind the compressed bales of hay and fodder. The present shortage, like other shortages, has arisen as the result of post-Korea excessive buying—unfortunately encouraged by irresponsible farm publications.

There is a close balance between supply and demand of fibers from which baling twine is made. This is evidenced by its practically doubling in price during the last few months on the world market. All such fiber is produced outside the United States, and our manufacturers must purchase it in competition with foreign manufacturers.

That our manufacturers were not remiss in their efforts to assure an adequate domestic supply is clear from the fact that in the current year they have supplied our domestic distributors with 110,529,000 pounds as contrasted with 67,245,000 pounds—a normal supply—last year. Furthermore, the fairness of the manufacturers' price is evident from the fact that while the fiber cost advanced 15 cents per pound, their twine prices have been advanced only 9.7 cents per pound. The current price of Canadian binder twine, in American dollars, is slightly higher.

Thus, the present shortage experienced by some farmers, and the prices which may have been paid by them at retail, are in no way attributable to our manufacturers, nor will H. R. 1005 relieve the present situation. Irrespective of whether H. R. 1005 is enacted, the world supply and price of fiber will basically affect our domestic situation, and it appears likely that both supply and price will shortly be much more favorable.

From testimony presented during the public hearings we believe that the present shortage of baler twine will shortly be eliminated by increased production which is now under way. We believe also that the present emergency shortage could be immediately cured through aggressive action by the Department of Agriculture in utilizing its vast information channels to discourage hoarding and to encourage farmers who have more than adequate supplies of twine to release this twine for use by other farmers.

But instead of meeting this emergency problem through emergency action the committee has been fit to report H. R. 1005 which will permanently eliminate the 15 percent ad valorem duty on imported baler twine by placing it on the free list. In our opinion if the elimination of the present shortage of baler twine were the true paramount motive of this bill, then surely a temporary suspension of the duty on baler twine for a period of approximately 15 months and not a

permanent freezing of baler twine on the free list would have been provided.

Another serious objection to H. R. 1005 is that it is utterly without protection to the farmer as to the length per pound or the quality of his baling twine, nor has it protection of the American manufacturer who supplies our farmers against inferior baling twine of foreign manufacturers, who will eventually capture the market if H. R. 1005 is adopted.

Our farmers are accustomed to 225 feet per pound of baling twine, with ample strength to hold 80-pound bales. It has rat-insect-, and mildew-proofing and oil content which insures that the farmer will not store bales of hay only to find broken bales of loose hay later on.

Furthermore, the proposed legislation does not confine itself to the objective of importing, duty-free, baling twine suitable for our baling machines. Instead, it not only lacks quality and length safeguards, but applies to any cordage product coming within the vague purview of "twine chiefly used for baling hay, straw, and other fodder and bedding materials." How far this would permit the destruction of the American cordage industry in the field of commercial as well as agricultural twine can be known only after extensive litigation.

In our opinion the inevitable result of permanently transferring baler twine to the free list will be to destroy domestic production of baler twine and thus put the American farmer at the mercy of foreign producers and imports. There will be little, if any, financial saving to our farmer in the cost of baler twine and in fact, once the American industry has been destroyed, the price of the imported baler twine will rise rapidly. This has historically been true of articles placed permanently on the free list.

The baler-twine industry, although relatively small in size, ranks among the foremost strategic industries necessary for the prosecution of war, and enactment of H. R. 1005 will have effects which might seriously interfere with the Government's stockpiling program. Manila and sisal fibers have been designated by the Munitions Board among group A stockpiling materials. Fibers in the stockpile cannot be kept permanently, but must be rotated—that is, new fibers added and older fibers sold to our manufacturers.

With the loss of our markets to foreign producers, productive facilities in this country will dry up and, consequently, will not be available to rotate the stockpiled fiber in peacetime nor to convert it into finished products during war. A stockpile of fibers would be meaningless under these circumstances.

We call the attention of the Congress to the following letter dated June 6, 1951 from the Munitions Board opposing this legislation from the standpoint of national defense:

MUNITIONS BOARD,
Washington, D. C., June 6, 1951.

HON. DANIEL A. REED,
House of Representatives.

DEAR MR. REED: This will acknowledge your letter of May 29 regarding baler twine and the proposal to remove the tariff thereon.

American manufacturers have learned from experience that a very large proportion of sisal, which is considerably more expensive than henequen, is necessary for making baler twine of required strength. Sisal also has displaced abacá to some extent in baler twine in recent years. The importance of baler

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twine and the increased proportion of sisal therein are indicated by the following statistics:

Baler twine sales
[Fiber content in millions of pounds]

	Henequen	Sisal	Abacá	Hemp	Total
1946	18.8	13.1		5.6	37.5
1947 (controls terminated July 15, 1947)	25.6	24.6	10.0	8.7	68.9
1948	19.2	27.1	6.4		52.7
1949	9.4	34.4	2.5		46.3
1950 (estimated)	11.4	56.5	4.3		72.2

Sisal and abacá are being stockpiled by the United States, whereas henequen, which is used chiefly for binder twine, is not. The need for rotating the stockpile of sisal every few years makes the mill facilities for consuming rotated fiber extremely important in permitting a more adequate stockpile. Conversely, insufficient facilities for consuming sisal would reduce the maximum size of the stockpile that could be maintained and rotated in this country. From the standpoint of national defense this seems to be more important than a minor and probably temporary reduction in the price of baler twine. Maintenance of domestic manufacturing facilities is essential for any emergency, because in time of war there generally is a threefold increase in the requirements for rope and twine in agriculture, mining, shipping, and for military use. Therefore, the Munitions Board is opposed to the elimination of the remaining small duty on baler twine.

Sincerely yours,

C. W. MIDDLETON,
Vice Chairman for Production and Requirements.

We cannot believe that the proponents of this legislation desire that the American cordage industry, manufacturers and employees, be destroyed; that our farmers be placed at the mercy of foreign imports; and that an important part of our future security program be seriously disturbed. These are considerations of much more moment than such temporary advantage, if any, as might result from enactment of H. R. 1005. At least equal temporary benefits without these grave long-range consequences could be obtained by appropriate emergency legislation. For these reasons we are opposed to H. R. 1005.

DANIEL A. REED.
ROY O. WOODRUFF.
THOMAS A. JENKINS.
RICHARD M. SIMPSON.
ROBERT W. KEAN.
NOAH M. MASON.

We believe that H. R. 1005 could be improved by providing an adequate definition of baler twine in order to assure that our farmers will be protected from imports of inferior grade baling twine.

THOMAS E. MARTIN.
JOHN W. BYRNES.

