

It should be further noted that neither section 1562 nor the regulations issued thereunder contain provisions restricting the use made of products withdrawn from the warehouse for consumption. Therefore, the subsequent processing and use made of the tobacco stems in the manufacture of cigars is not contrary to any existing tariff regulation. Since the duty is paid after the initial manufacturing takes place, it has become advantageous for the manufacturer to pay for stemmed tobacco rather than pay for the whole weight of the leaf as it is received into the bonded warehouse. The stems are then released separately and free of duty.

The stems are then taken supposedly for use as fertilizer, and so forth. In times past they were so used, and were made available at very nominal prices. However, today practically none of this "waste" is offered for resale. There is good reason to believe that this tobacco may be finding its way back into the cigarmaking process and made fit for filler with the new technology. Naturally, since the stem represents a good deal of the tobacco leaf's weight, and because domestic producers are paid for the full leaf weight of their tobacco, the duty-free foreign stems cause a depression in domestic prices.

H.R. 13993 would alleviate this problem by placing a levy on tobacco stems, thereby eliminating the present loophole. Manufacturers would be forced to pay either for the full weight of the leaf at 16.1 cents per pound or pay for the weight without stems at 23 cents per pound and not get the bonus of a free stem. The result of the action would be to make foreign tobacco compete evenly with that which is grown in the United States.

Mr. BURKE. Are there any questions? If not, then thank you Mr. Eshleman, for bringing your views to us this morning.

Mr. ESHLEMAN. I thank you, Mr. Chairman, for giving me this opportunity to be heard.

Mr. BURKE. Our next witness is Mr. Richard A. Tilden. Is Mr. Tilden here?

You are allotted 20 minutes, Mr. Tilden.

STATEMENT OF RICHARD A. TILDEN, CLOTHESPIN & VENEER PRODUCTS ASSOCIATION AND SLIDE FASTENER ASSOCIATION

Mr. TILDEN. Thank you, Mr. Chairman.

Mr. BURKE. Will you identify yourself for the record.

Mr. TILDEN. Mr. Chairman, members of the committee, my name is Richard A. Tilden. I am an attorney with offices at 441 Lexington Avenue in New York City. I appear on behalf of most of the domestic producers of clothespins, slide fasteners, and certain flat veneer products.

Since the time is limited I will try to summarize as quickly as I can. I have filed a written statement which I will appreciate being incorporated in the record.

Mr. BURKE. Without objection it will be included.

Mr. TILDEN. Throughout the history of trade agreement legislation the Congress has consistently affirmed and reaffirmed its determination that the program be administered in such manner as to protect the interests of domestic industries. In order to carry out this determina-