

NICHOLSON & Co., INC.,
Cambridge, Mass., June 24, 1968.

Mr. JOHN M. MARTIN, Jr.,
Chief Counsel,
Committee on Ways and Means,
Longworth House Office Building, Washington, D.C.

GENTLEMEN: We are submitting our written views to be included as a part of the record of public hearings, which will be conducted by the Committee on Ways and Means on the general subject of tariffs and trade proposals.

We are identifying ourselves as the largest United States importers of Glue, Inedible Gelatin, and Animal Glue valued under 40¢ lb., Tariff Item 455.40. We are also importers of large quantities of the following dutiable items:—Dextrine, Vegetable Glue, Fish Glue, and Edible Gelatin.

In previous hearings before the United States Tariff Commission and the Trade Information Committee, we have constantly asked for a reduction in the duty on Tariff Item 455.40. The simple fact is that the duty on this item, even after considering the full effect of a 50% reduction due to the Kennedy Round, which supposedly will be effected in 10% increment cuts per year over a 5 year period, is still too high. About 25 million pounds of Inedible Gelatin are imported into the United States each year, in relationship to a domestic production of approximately 90 million pounds. The fact is that the imported quantities involved do not impose any threat to domestic production, and that most of the qualities involved are not even produced in the United States due to insufficient production facilities and lack of raw materials. The imports of Item 455.40 are an augmentation to domestic supplies, and our records show that we sell approximately 5 million pounds yearly to domestic glue manufacturers. It has always been our contention that the duty on this commodity should be abolished.

We also recommend, and have recommended on several occasions, that the duty on Fish Glue valued under 40¢ lb., Tariff Item 455.36, should be eliminated. This product is not even produced in the United States and is used as an additive in the manufacture of gummed sealing tape, a very basic industrial packaging product. The result of the duty on Fish Glue is that the increased cost is passed along to the manufacturer, and ultimately to the industrial user, and finally to the consumer. We think it is hardly fair for duties to be continued on a product which is not even produced in the United States.

As regards Dextrine, Tariff Item 493.3000, the current specific duty is 3.0¢ lb. This highly prohibitive rate was established as a result of the "Chicken Tariff War", and in spite of the settling of the Chicken Affair, and the beginning of duty cuts as a result of the Kennedy Round, this item was left unchanged. One of the primary sources of Dextrine is Holland, where special qualities of Potato Dextrine are manufactured and exported to the United States. These types of Potato Dextrines are *not* produced in the United States, and United States manufacturers of Starch and Dextrine are not even interested in manufacturing them. The amount of Dextrine coming into the United States is still increasing, in spite of the prohibitive duty, and it is being brought in by United States manufacturers as well as converters like ourselves. The product is definitely needed here because of its special qualities, and again, the only result of the highly prohibitive tariff rate is that the ultimate consumer pays more for his product.

Clearly the above examples show in effect, that once the United States Government establishes a duty, it is practically impossible to get the rate changed, and the Government seems to ignore the specifics of a given tariff item, plus the needs and problems of the importer and the ultimate user. There is no doubt that some system of regular review should be established, and that interested parties should be allowed to present their views. Then the Tariff Commission, in the best interests of the United States, should be able to make the decision to modify or eliminate the duties where applicable. The Congress is generally concerned with Legislative matters of far greater importance, and should transfer the responsibility for tariffs to an Administrative Agency.

Naturally, we must confine our comments only to products which we are intimately familiar with, and we hope you will see the parallel in other industries when you consider all of the information which you receive. If there is any further specific information which you wish us to submit, we will be happy to provide it on your request.

Very truly yours,

JOHN E. MURRAY, JR.,
Vice President.