

contracting system, which in turn leads to an increase in costs for necessary goods and services paid for by the American taxpayer.

This unfair contract bundling is corrected by the legislation before you today. In addition to maintaining the integrity of the procurement reforms passed last Congress and earlier this Congress, the bill directs agencies to avoid unnecessary agency contract consolidations. Removing these inappropriate consolidations ensures that more small business will compete for Federal contracts.

This protective measure loudly echoes this Congress's support for the counsel, assistance and protection of our Nation's job creators—small business. By supporting this measure my colleagues will join me in my efforts to support both an efficient and openly competitive Federal procurement system.

TECHNICAL CORRECTIONS AND MISCELLANEOUS AMENDMENTS TO TRADE LAWS

SPEECH OF

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 30, 1996

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in support of H.R. 3815, a bill to make technical and miscellaneous changes to our trade laws. In particular, I want to call attention to a very important section of the bill which is necessary to provide clear direction to the Customs Service, preventing it from improperly administering country of origin rules. Section 30 of the bill is intended to prevent the Customs Service from proceeding with any action that would change the status quo for the rules of origin governing the American hand tool industry.

Section 30 of the bill represents the Ways and Means Committee's concern that Customs is attempting to significantly change longstanding rules of origin on which American manufacturers have relied, without authorization from Congress. First, the contention by Customs that a 1992 decision by the U.S. Court of International Trade in the National Hand Tool case, which upheld a determination by Customs that specific articles were not "substantially transformed," directed Customs to abrogate prior determinations for different products involving different domestic processing is not supported by the decision of the presiding judge. Given the record in the National Hand Tool case, the Government's contemporaneous arguments, and the court's silence as to any intent to overturn precedent, no weight or credibility can be given to the present contention by Customs that National Hand Tool changed the law and now mandates the revocation of the long-standing ruling letters for hand tools manufactured in the United States from imported metal forgings. Second, Customs' proposal to apply a tariff-shift standard to supplant the traditional case-by-case substantial transformation test which follows the time-tested judicial interpretation of the marking statute and its criteria of changes in name, character, or use has not been authorized by Congress. On July 8, 1996, the U.S. Court of International Trade ruled that in attempting to overrule or abrogate the substantial transformation test Customs "con-

travenes Congressional intent, exceeds Customs' authority to promulgate regulations . . . and therefore is arbitrary and . . . not in accordance with law."

Section 30 of H.R. 3815 is a bipartisan approach adopted unanimously by the committee after extensive debate. It would impose a 1-year moratorium on any actions by the administration to revoke administrative ruling letters in effect on July 17, 1996. Additionally, it would require the Secretary of the Treasury, prior to issuing any significant policy change to the rules of origin, to consult with interested parties, and report to the congressional committees of jurisdiction the rationale for the proposed policy change. Under section 30, a proposal to revoke longstanding ruling letters relied on by hand tool manufacturers at least since the early 1980's, would constitute a significant policy change.

The moratorium will provide a period for the committees of jurisdiction to review, study and determine the appropriate rules of origin for hand tools manufactured in the United States from imported forgings. The required consultation with the Congress upon the expiration of the moratorium is an added precaution to ensure that no policy changes are implemented by administrative action that amount to abrogation of longstanding court rulings and Congressional intent. Finally, the moratorium will provide time for the WTO working group on the harmonization of rules of origin to continue their work without interim changes by the Customs Service that may be disruptive to and have potentially profound adverse impact on American hand tool manufacturers and other manufacturing sectors of our economy.

At this point, I would also like to submit the following letter from the Joint Industry Group [JIG], a coalition of over 100 companies and associations of importers who have also expressed concerns regarding origin rules.

THE JOINT INDUSTRY GROUP,

Washington, DC, May 15, 1996.

Hon. ROBERT E. RUBIN,

Secretary of the Treasury, Department of the Treasury, Washington, DC.

DEAR MR. SECRETARY: Earlier this year, Deputy Secretary Summers advised Congressman Crane that the Customs Service had been instructed to withhold publication of a final rule that would have extended Part 102 of the Customs Regulations (NAFTA Annex 311 Rules of Origin) to trade with all countries. The Joint Industry Group (JIG) is a coalition of over 100 companies, associations and firms that represent billions of dollars annually in trade. Therefore, as importers and associations of importers that would have been badly damaged had those rules gone into effect, we were pleased by and fully supported that decision.

There now appears to be a concerted effort underway, sponsored by a small group of manufacturers calling itself the American Hand Tool Coalition, to gain a competitive advantage by having the Treasury Department reverse its position. The implications of applying Part 102 to all trade are very broad and potentially unsettling.

The proponents of such action suggest that the Treasury Department could limit it to a specific product, but adoption of rules under Part 102 on a piecemeal basis would be bad policy and set a disastrous precedent. To do so would inevitably lead to an endless succession of changes and or exceptions and a proliferation of different origin rules for different industries. Similar problems previously occurred when Customs first implemented regulations in 1985 which nominally

applied to textile products, but the principles of which have been extended on a piecemeal basis to all other commodities. From a practical standpoint, it would be virtually impossible to adopt any segment of Part 102 without also adopting the Part's general interpretative rules, many of which are unsatisfactory and result in an unwarranted departure from existing law.

We respectfully ask the Department to abide by its commitment not to publish the rule that would extend Part 102 to trade from all countries other than our NAFTA partners, Canada and Mexico.

Sincerely,

EVELYN SUAREZ,

Chairperson,

Rules of Origin Committee.

GIVE LAW ENFORCEMENT THE TOOLS THEY NEED TO FIGHT TERRORISM

HON. VICTOR O. FRAZER

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. FRAZER. Mr. Speaker, I rise today to urge my colleagues to pass anti-terrorism legislation requiring the manufacturers of explosives to include chemical markers and smokeless powders.

The American people elected us to this body to do our job. Which is to pass legislation that is in the best interest of this country, not interest of a group of owners. It is time to do our job.

During the 104th Congress we have seen the bombing of a Federal building in Oklahoma City which caused the death of 170 people, the standoff between Federal law enforcement officials and the Freeman group in Montana.

Today, the American people are outraged by TWA flight 800 and the Atlanta Centennial Park bombing. The people of the Virgin Islands lost a loved one on TWA flight 800, which was a personal loss to me.

Mr. Speaker, we have a role to play, which is to pass legislation that will give law enforcement the tools that they need to fight terrorism.

INCENTIVES FOR AGRICULTURE

HON. WILLIAM M. THOMAS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 31, 1996

Mr. THOMAS. Mr. Speaker, 1 million acres of farmland in the United States will be eaten up by parking lots, freeways, and suburban growth this year. In fact, within the hour, one acre of precious farmland in the Central Valley of California will be taken out of production.

The Central Valley of California currently produces over \$13 billion in agriculture produce and feeds millions in the United States and around the world. Farmland in areas surrounding cities is being displaced by urban development at one of the fastest rates in history and for this reason our farmers have been placed under new pressures. A time can be foreseen in which an area like the Central Valley may not even be capable of feeding itself because of urban outgrowth.