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Last Day: January 4

APPROVED
JAN 3-1975

THE WHITE HOUSE
WASHINGTON

January 3, 1975

POSTED 1/4/75
TO ARCHIVES
1/6/75

MEMORANDUM FOR THE PRESIDENT
FROM: KEN *COLE*
SUBJECT: H.R. 11796 - Canada-France-Hawaii
Telescope Project

Attached for your consideration is H.R. 11796, sponsored by Representative Matsunaga and Representative Mink, which provides for the duty-free entry of a telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Manua Kea, Hawaii.

OMB recommends approval and provides additional background information in its enrolled bill report (Tab A).

Max Friedersdorf (Loen) recommends approval. Phil Areeda and Bill Seidman have no objection to the enrolled bill.

RECOMMENDATION

That you sign H.R. 11796 (Tab B).





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 30 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 11796 - Canada-France-Hawaii
Telescope Project
Sponsor - Rep. Matsunaga (D) Hawaii and Rep. Mink
(D) Hawaii

Last Day for Action

January 4, 1975 - Saturday

Purpose

Provides for the duty-free entry of a telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii.

Agency Recommendations

Office of Management and Budget	Approval
Department of State	Approval
National Aeronautics and Space Administration	Approval
Office of the Special Representative for Trade Negotiations	No objection (Informally)
Department of the Treasury	No objection
Department of Commerce	No objection
Department of Labor	No objection
National Science Foundation	No objection

Discussion

The Canada-France-Hawaii Telescope Project is a cooperative, not-for-profit undertaking by the Centre National de la Recherche Scientifique of France, the National Research



Council of Canada, and the University of Hawaii to construct and operate a major telescope facility at Mauna Kea, Hawaii, which, according to the National Aeronautics and Space Administration and the National Science Foundation, may be one of the best observing sites in the world.

In recognition of the predominant financial contributions to the Project of the Canadian and French scientific agencies (100 percent of the initial cost of construction and 85 percent of the maintenance costs thereafter), the agreement signed by the three parties to the Project provides for the maximum use of French and Canadian equipment, including the telescope, its basic instrumentation, its dome and associated buildings, and other high-technology components. For its part, the University of Hawaii agreed to seek relief from customs duties and other charges on all goods imported specifically for use by the Project.

The enrolled bill would provide for the duty-free importation of the telescope, and the laboratories, equipment, and installations required by the Canada-France-Hawaii Telescope Project to complete the construction and provide for the operation of the telescope in accordance with the agreement signed by the three parties to the Project. Such duty-free treatment would apply until June 30, 1980. The bill would also permit articles entered for use by the Project prior to the date of enactment to be accorded duty-free treatment if an appropriate application therefore is filed within 120 days after the date of enactment.

Although existing law provides procedures for obtaining duty-free treatment for scientific and educational equipment not available in the United States, both the House Ways and Means Committee and the Senate Finance Committee supported the exception to the general statutes which H.R. 11796 represents because of the unique nature of this joint, international undertaking, the difficulty, if not the impossibility, of using the detailed petitioning and approval procedures for the duty-free entry of such articles under existing law, and because of the real benefit of this project to the scientific community in the U.S. and elsewhere.

Welford H. Rammal

Assistant Director for
Legislative Reference

Enclosures



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 928

Date: December 30, 1974

Time: 10:00 p.m.

FOR ACTION: NSC/S *no obj*
Geoff Shepard
Max Friedersdorf *ok*
Phil Areeda *no obj*
Bill Seidman *no obj*

cc (for information): Warren Hendriks
Jerry Jones
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, December 31

Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 11796 - Canada-France-Hawaii
Telescope Project

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

Please return to Judy Johnston, Ground Floor West Wigg

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

Roger Porter:

Here is the lost bill. May I please
have your vote as soon as possible
since this needs to go in today.

Thank you.

Judy Johnston X6570

*No objection
twz*

1-2-75

*phoned in
9:05 AM
1/3*

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 20 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 11796 - Canada-France-Hawaii
Telescope Project
Sponsor - Rep. Matsunaga (D) Hawaii and Rep. Mink
(D) Hawaii

Last Day for Action

January 4, 1975 - Saturday

Purpose

Provides for the duty-free entry of a telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii.

Agency Recommendations

Office of Management and Budget	Approval
Department of State	Approval
National Aeronautics and Space Administration	Approval
Office of the Special Representative for Trade Negotiations	No objection (Informally)
Department of the Treasury	No objection
Department of Commerce	No objection
Department of Labor	No objection
National Science Foundation	No objection

Discussion

The Canada-France-Hawaii Telescope Project is a cooperative, not-for-profit undertaking by the Centre National de la Recherche Scientifique of France, the National Research

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR:

WARREN HENDRIKS

FROM:

Vern Sorenson

MAX L. FRIEDERSDORF

SUBJECT:

Action Memorandum - Log No. 928

The Office of Legislative Affairs concurs with the Agencies that the enrolled bill should be signed.

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 928

Date: December 30, 1974

Time: 10:00 p.m.

FOR ACTION: NSC/S
Geoff Shepard
Max Friedersdorf
Phil Areeda

cc (for information): Warren Hendriks
Jerry Jones
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, December 31

Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 11796 - Canada-France-Hawaii
Telescope Project

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*No objection
P Areeda*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. [unclear]
For the President

MEMORANDUM

NATIONAL SECURITY COUNCIL

6377

December 31, 1974

MEMORANDUM FOR WARREN K. HENDRIKS

FROM: Jeanne W. Davis *JWD*
SUBJECT: Enrolled Bill H. R. 11796

This is in response to your memorandum of December 30 (Log #928).
The NSC Staff has no objection to approval of Enrolled Bill H. R. 11796 --
Canada-France-Hawaii Telescope Project.



DEPARTMENT OF STATE

Washington, D.C. 20520

December 23, 1974

Honorable Roy L. Ash
Director,
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Ash:

Referring to Mr. W. H. Rommel's communication of December 23, 1974, requesting Department of State views on H.R. 11796, "An Act to provide for the duty free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii" an Enrolled Bill, the Department of State recommends the enactment of this Bill.

H.R. 11796 authorizes and directs the Secretary of the Treasury to admit free of duty imported articles required by the Canada-France-Hawaii Telescope Project to complete the installation on Mauna Kea, Hawaii of an optical telescope of 3.60 meters diameter, and the laboratories, equipment and installations necessary for its operation. The France-Canada-Hawaii telescope project is a valuable international cooperative undertaking through which a major astronomical observatory and facility of real benefit to United States scientists is being established in Hawaii through the joint efforts of Canada, France and Hawaii. Approximately eighty five percent of the total cost of approximately \$20 million will be borne by the governments of Canada and France. Much of this cost lies in the value of the telescope and related equipment to be installed in the observatory. These items are largely the property of the governments of Canada and France and must be imported. The remaining costs are to be provided or absorbed by the State of Hawaii. No Federal Government funds are committed to this project.

It is the Department of State's understanding that Hawaiian labor and material would be employed in constructing the facility. A non-profit corporation for scientific and educational purposes, the Canada-France-Hawaii Telescope Corporation, has been incorporated in Hawaii to construct and operate the facility.

The Department of State supports the telescope project, a unique undertaking in international cooperation and supports the provisions of H.R. 11796 as enacted.

The success of this project is dependent on the ability of Canada, France and Hawaii and the Telescope Corporation to effectively utilize the unique assets contributed by each; largely the telescope and ancillary equipment by Canada and France and the site, attendant improvements and construction by Hawaii, and management and operation by the Corporation. H.R. 11796 by providing for the duty free entry, will allow the Corporation to proceed with the importation of articles and goods necessary to the project which importation would have been substantially impeded if not made impossible by duties, resulting in loss of time and possibly of funds committed or obligated in Canada and France. This project will ultimately benefit significantly the scientific community in the US and elsewhere, and should in the shorter term contribute to employment and local industries in Hawaii. There are no Administration proposals related or similar to H.R. 11796.

Sincerely yours,



Linwood Holton
Assistant Secretary for
Congressional Relations



NATIONAL AERONAUTICS AND SPACE ADMINISTRATION
WASHINGTON, D.C. 20546

OFFICE OF THE ADMINISTRATOR

DEC 24 1974

Director
Office of Management and
Budget
Executive Office of the
President
Washington, D.C. 20503

Attention: Assistant Director
for Legislative Reference

Subject: Enrolled Enactment Report on
H.R. 11796, 93rd Congress

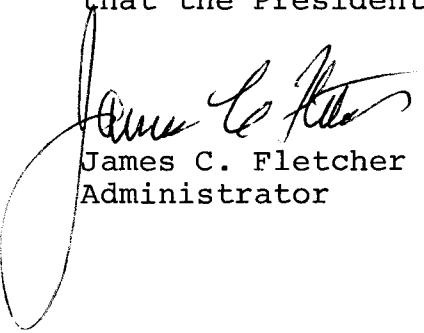
This is an Enrolled Enactment report on H.R. 11796, "To provide for the duty-free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii." It is submitted pursuant to Mr. Wilfred H. Rommel's memorandum of December 23, 1974.

The Enrolled Bill would authorize the Secretary of the Treasury to admit free of duty imported articles required by the Canada-France-Hawaii Telescope Project to complete the installation on Mauna Kea, Hawaii, of an optical telescope of 3.60 meters diameter, and the laboratories, equipment, and installation necessary for its operation, as provided for in a memorandum of understanding, signed at Ottawa on October 25, 1973, among the Centre National de la Recherche Scientifique of France, the National Research Council of Canada, and the University of Hawaii.

It is our understanding that the Canada-France-Hawaii Telescope Project is a cooperative effort in which Canadian and French scientific agencies are funding the manufacture of the instrument, which uses glass purchased in the United States. In this circumstance, the usual concerns for the protection of U.S. manufacturers do not appear to apply. However, the import duties could be so high as to affect the Project's prospects.

The establishment of the Canadian-French-Hawaiian 144-inch telescope on Mauna Kea would provide the U.S. scientific community, through the University of Hawaii, with observing time on another major astronomical facility located at an excellent observing site. The site may be one of the best in the world. The establishment of this facility will be of direct benefit to NASA for two reasons, both resulting from the fact that a NASA-sponsored 88-inch telescope already exists on the Mauna Kea site. Some of the University of Hawaii observing time on the new 144-inch telescope (15% of the total) will probably be used for programs of interest to NASA, thus supplementing the capabilities of the smaller 88-inch NASA-Hawaii telescope. Secondly, the presence of a second major instrument on the Mauna Kea site should result in economies in the operation of the 88-inch NASA-Hawaii telescope as many of the site operational costs will be divided between the two major instruments. Presently, the NASA-Hawaii telescope has had to carry the full costs of the operation of the Mauna Kea site.

The National Aeronautics and Space Administration recommends that the President approve the Enrolled Bill H.R. 11796.



James C. Fletcher
Administrator



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

DEC 24 1974

Director, Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:


Your office has asked for the views of this Department on the enrolled enactment of H.R. 11796, "To provide for the duty-free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii."

The enrolled enactment would provide for the duty-free entry of imported articles required by the Canada-France-Hawaii Telescope Project to complete the installation of an optical telescope of 3.60 meter diameter, and the laboratories, equipment, and installations necessary for its operation as provided in the memorandum of understanding signed by the sponsors of the project on October 25, 1973. Duty-free entry would be granted to any article certified by the Executive Director of the Canada-France-Hawaii Telescope Corporation as being required for the completion of the project in accordance with the memorandum of understanding. The categories and types of articles contemplated to be imported are described in the memorandum of understanding. The enrolled enactment would grant duty-free entry with respect to articles entered, or withdrawn from warehouse, for consumption on or before June 30, 1980.

It is our understanding that the articles would be imported by or on behalf of the Canada-France-Hawaii Telescope Project, which is a nonprofit corporation incorporated under the laws of Hawaii. Costs for the project would be shared by Canadian and French scientific agencies, and the University of Hawaii would provide the site for the observatory and local support facilities.

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President.

Sincerely yours,



General Counsel



THE UNDER SECRETARY OF COMMERCE
Washington, D.C. 20230

DEC 27 1974

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Ash:

This is in reply to your request for the views of this Department concerning H.R. 11796, an enrolled enactment

"To provide for the duty-free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii."

This Department would have no objection to approval by the President of H.R. 11796.

Enactment of this legislation will not involve any increase in the budgetary requirements of this Department.

Sincerely,

A handwritten signature in black ink that reads "John K. Taber". The signature is written in a cursive style with a prominent loop at the end of the name.

John K. Taber

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

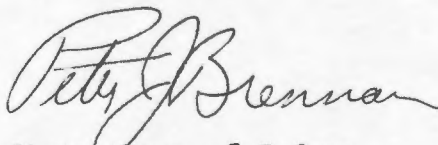
DEC 26 1974

Honorable Roy Ash
Director, Office of
Management and Budget
Executive Office of the President
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to the request of your office for our views on the enrolled enactment of H.R. 11796, "To provide for the duty-free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii." This Department would have no objection to the President's approval of this measure.

Sincerely,



Secretary of Labor

YMD BUDGET
OFFICE OF THE SECRETARY

DEC 26 1974 4:00 PM

RECEIVED

NATIONAL SCIENCE FOUNDATION
WASHINGTON, D.C. 20550



OFFICE OF THE
DIRECTOR

December 26, 1974

Mr. Wilfred H. Rommel
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Rommel:

This is in reply to your request of December 23, 1974 for the views of the National Science Foundation on Enrolled Bill H. R. 11796, "To provide for the duty-free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii."

The Foundation has no objection to approval of this legislation by the President.

Sincerely yours,

A handwritten signature in black ink that reads "Lowell J. Paige". The signature is written in a cursive, flowing style.

Lowell J. Paige
Acting Director

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

To
A. Handrich
12-30-74
6:30 P.M.



DEC 30 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 11796 - Canada-France-Hawaii
Telescope Project
Sponsor - Rep. Matsunaga (D) Hawaii and Rep. Mink
(D) Hawaii

Last Day for Action

January 4, 1975 - Saturday

Purpose

Provides for the duty-free entry of a telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii.

Agency Recommendations

Office of Management and Budget	Approval
Department of State	Approval
National Aeronautics and Space Administration	Approval
Office of the Special Representative for Trade Negotiations	No objection (Informally)
Department of the Treasury	No objection
Department of Commerce	No objection
Department of Labor	No objection
National Science Foundation	No objection

Discussion

The Canada-France-Hawaii Telescope Project is a cooperative, not-for-profit undertaking by the Centre National de la Recherche Scientifique of France, the National Research

Michael H. Raymond
Assistant Director for
Legislative Reference

DUTY-FREE ENTRY OF TELESCOPE AND ASSOCIATED
ARTICLES FOR CANADA-FRANCE-HAWAII TELESCOPE
PROJECT

JULY 24, 1974.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

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

REPORT

[To accompany H.R. 11796]

The Committee on Ways and Means, to whom was referred the bill (H.R. 11796) to provide for the free entry of a 3.60-meter telescope for the use of the Canada-France-Hawaii telescope project at Mauna Kea, Hawaii, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

The amendments are as follows:

Strike out all after the enacting clause and insert the following:

That (a) the Secretary of the Treasury is authorized and directed to admit free of duty imported articles required by the Canada-France-Hawaii Telescope Project to complete the installation on Mauna Kea, Hawaii, of an optical telescope of 3.60 meters diameter, and the laboratories, equipment, and installations necessary for its operation, as provided for in a Memorandum of Understanding, signed at Ottawa on October 25, 1973, among the Centre National de la Recherche Scientifique of France, the National Research Council of Canada, and the University of Hawaii.

(b) The admission free of duty provided for in subsection (a) shall be accorded to any article imported by or for the account of the Canada-France-Hawaii Telescope Project if such article is certified by the Executive Director or the Associate Executive Director of the Canada-France-Hawaii Telescope Corporation as being required for the completion of the Project in accordance with the Memorandum of Understanding referred to in subsection (a).

SEC. 2. (a) The provisions of the first section of this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption, on or before June 30, 1980.

(b) Upon appropriate request therefor filed by the Executive Director or the Associate Executive Director of the Canada-France-Hawaii Telescope Corporation with the customs officer concerned on or before the one hundred and twentieth day after the date of the enactment of this Act, the entry or withdrawal of any article described in the first section of this Act which was made before the date of the enactment of this Act shall, notwithstanding the provisions of section 514 of the Tariff Act of 1930 or any other provision of law, be liquidated or reliquidated in accordance with the provisions of such first section.

Amend the title so as to read:

A bill to provide for the duty-free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii.

PURPOSE

The purpose of H.R. 11796, as reported, is to permit the duty-free entry of a 3.60-meter telescope, and the laboratories, equipment, and installations necessary for its operation, in the Canada-France-Hawaii telescope project at Mauna Kea, Hawaii.

GENERAL STATEMENT

The Canada-France-Hawaii telescope project is a nonprofit international cooperative undertaking by the Centre National de la Recherche Scientifique of France, the National Research Council of Canada, and the University of Hawaii. The memorandum of understanding among these three agencies provides for the installation and development of a major astronomical observatory and facility at Mauna Kea, Hawaii.

According to the National Science Foundation, Mauna Kea, Hawaii, "is one of the best optical telescope sites in the United States for sky coverage, atmospheric clarity, and low level of interference from human activities." The National Aeronautics and Space Administration informed the committee that Mauna Kea "may be one of the best (observing sites) in the world." In addition to providing astronomers in France and Canada with a unique site for an optical telescope, the project will also benefit the U.S. scientific community, according to both the National Science Foundation and the National Aeronautics and Space Administration.

Specifically, the memorandum of understanding provides that the total cost of the construction of the project, including the telescope, its basic instrumentation, its dome, and associated buildings (approximately \$20 million), is to be borne equally by the scientific agencies of France and Canada. The initial contribution of the University of Hawaii will consist of a long-term lease of the site and provision of certain support services and facilities.

The memorandum of understanding also provides that once construction has been completed, operating costs will be shared as follows: 42.5 percent each for the Centre National de la Recherche Scientifique of France and the National Research Council of Canada, and 15 percent for the University of Hawaii. Likewise, interests in the nonprofit corporation established under the laws of the State of Hawaii to operate the project are assigned to the three cooperating agencies on the same proportional basis. A similar distribution of observation time on the telescope is provided.

The predominant interests and contributions of the two scientific agencies of France and Canada in the project are also recognized by the memorandum of understanding in the special provisions regarding the maximum use of French and Canadian industrial capacity in the design and construction of the telescope, its basic instrumentation, its dome, and associated buildings, and in the production of high-technology components. Related to this aspect of the project is H.R. 11796 which carries out the commitment of the University of Hawaii to ask

"governmental authorities to grant, in accordance with applicable laws, relief from taxes, including but not restricted to, customs duties, excise and sales taxes on all goods imported specifically for use in the realization of the project and its continuing operation."

H.R. 11796, as reported by your committee, will provide for the duty-free entry of imported articles required by the Canada-France-Hawaii telescope project. The duty-free entry is limited to the optical telescope, and the laboratories, equipment, and installation necessary for its operation, as provided in the memorandum of understanding, signed at Ottawa on October 25, 1973, among the three agencies.

The committee has amended the bill to provide that duty-free entry can only be accorded articles if certified by the executive director of the project (or associate executive director) as being required for the completion of the project in accordance with the memorandum of understanding.

In addition, the committee amended the bill to provide that the duty-free treatment shall not apply after June 30, 1980. As intended by the bill as originally introduced, H.R. 11796, as reported, provides that entries of articles made before the date of enactment may be accorded duty-free treatment upon appropriate request being filed with the customs officer concerned.

Public Law 89-651 implements the so-called Florence Agreement providing for the duty-free exchange of cultural, scientific, and educational material. Under that law, Congress provided that scientific instruments imported for use by nonprofit institutions may be afforded duty-free entry if it is determined that no instrument of equivalent scientific value is available from domestic sources. By establishing public policy and procedures regarding duty-free entry of scientific instruments for use by nonprofit institutions, Public Law 89-651 made it unnecessary to consider separate relief bills for nonprofit institutions seeking to import free of duty scientific equipment not available in the United States. In light of this public law, the committee has considered why the provision of Public Law 89-651 should not be applied to the Canada-France-Hawaii telescope project.

The committee has determined that the favorable consideration of H.R. 11796, as reported, is not a departure from public policy of Public Law 89-651 due to the unique characteristics of the joint international undertaking involving scientific agencies in Canada and France and the cooperation, including the provision of the site for the observatory, of the University of Hawaii. In addition, the size of the project and its development over an extended period of time make it most difficult, if not impossible, to use the detailed petitioning and approval procedures for the duty-free treatment of scientific instruments established by the Department of Commerce and the U.S. Customs Service under Public Law 89-651.

The committee has received no objections to the enactment of H.R. 11796 from any interested party. Favorable reports were received on the bill from interested executive branch agencies, and the committee has amended the bill at the suggestions of the Departments of Treasury and Commerce to more closely conform the provisions of the bill to the intent of Public Law 89-651.

Preliminary estimates furnished the committee relative to articles to be entered under the provisions of H.R. 11796 indicate an estimated

value of \$7.6 million. A listing of products which will be imported into the United States for use in the telescope project is included below, immediately following the memorandum of understanding.

In view of the likelihood that import duties existing under present law would add unnecessary costs and complications to the project, the completion of which would be of real benefit to the American scientific community, and in the interest of the international practice of facilitating international scientific endeavors, your committee has favorably reported H.R. 11796, as amended.

MEMORANDUM OF UNDERSTANDING AMONG THE CENTRE NATIONAL DE LA RECHERCHE SCIENTIFIQUE OF FRANCE, THE NATIONAL RESEARCH COUNCIL OF CANADA AND THE UNIVERSITY OF HAWAII

Recognizing the increasing development of astronomical research and the quality and the quantity of related scientific work carried out in the universities and specialized research centres of Canada, France, and Hawaii.

Considering the need for instruments to be available for use by the astronomers of Canada, France, and Hawaii;

Considering the desire of the astronomers of Canada, France, and Hawaii to carry on cooperative programmes of research;

Considering the desirability of developing international cooperation in large-scale scientific undertakings;

The Centre National de la Recherche Scientifique (CNRS) of France, the National Research Council (NRC) of Canada, and the University of Hawaii (UH), hereinafter referred to as the Agencies, having obtained the approval as appropriate of their respective governments, that is those of France, of Canada, of the United States of America and of the State of Hawaii, agree:

GENERAL PROVISIONS

1. To install on Mauna Kea, Hawaii, a large optical telescope of 3.60 meters diameter, and the laboratories, equipment, and installations necessary for its operation, the general technical characteristics of which are attached as Appendix A.

2. (a) To ensure the establishment of a non-profit corporation that will be known as the Canada-France-Hawaii Telescope Corporation, and that will be responsible for the construction and operation of the telescope, its ancillary installations and apparatus. The Corporation will be directed by a Board of Directors assisted by a Scientific Advisory Council. Intergovernmental arrangements will necessarily precede the establishment of such a corporation.

2. (b) That the Corporation shall have a Board of Directors composed of:

- .4 representatives of CNRS
- .4 representatives of NRC
- .2 representatives of UH

to be named by their respective Agencies.

The Board of Directors will be charged with coordination on technical and administrative problems, and, in particular, must ensure that the design of the telescope and its ancillary installations will satisfy the needs of the astronomers, and see that the contractual pro-

cedures reflect the principles enunciated in paragraph 6 below. Its decisions will be taken by majority vote, simple or other, as provided in its bylaws, provided that at least one of the directors named by each agency joins in that majority.

2. (c) That the Scientific Advisory Council shall be composed of:

- .4 representatives of CNRS
- .4 representatives of NRC
- .2 representatives of UH

and up to four others to be named by the Board of Directors.

This Council is responsible for making recommendations to the Board of Directors on all scientific and technical matters.

2. (d) That, for the duration of a construction phase there shall be a Project Officer and an Associate Project Officer to be named by the Agencies on the recommendation of the Board of Directors. The Project Officer and the Associate Project Officer will be jointly responsible to the Board of Directors for carrying out the design and construction activities. In particular, they must ensure that the equipment provided satisfies the requirements for its intended use and that the contractual procedures are consistent with paragraph 6 below.

3. (a) That the CNRS and the NRC will provide work, components and sums necessary for the construction of the telescope, its basic instrumentation, its dome and associated buildings. They will equally share the cost and jointly assume responsibility for the design. The total capital cost, including components and studies already in existence will be 91 million French francs, as estimated on February 1, 1973, providing the construction commences in 1973 and is completed by 1977. The detailed technical specifications will be the subject of agreement between the CNRS and the NRC.

3. (b) That the UH will make available the land, roads and such ancillary services as may be agreed upon by the three agencies as being necessary for the operation of the project, and for which the UH will be responsible. A description of the facilities and services presently contemplated by the UH in this connection is attached as Appendix B.

3. (c) That after the completion of the construction phase, the three agencies will contribute annually funds up to one million dollars US, as estimated on February 1, 1973, with appropriate provision for variation in the cost of living, in the proportion of CNRS 42.5 percent, NRC 42.5 percent, and UH 15 percent. The funds will include necessary expenses for meetings of the Board and the Council, staffing and operating the telescope, and for developing further its instrumentation. Before the end of the construction phase, some similar costs may be incurred, and these costs will be shared in the same proportions; however, in consideration of the other operating contributions by the UH, no cash contributions will be required from the UH before July 1, 1975. The date on which the construction phase will be considered as completed will depend on the date set for commencement of the telescope's normal operation. This date of completion of the construction phase will be determined by the Board of Directors in agreement with each of the three Agencies.

3. (d) That the operating cost for the Project Officer, the Associate Project Officer and their personnel will be shared equally by the NRC and the CNRS, within limits to be determined, until the completion of the construction phase as defined above.

4. That in consideration of their respective contributions, the three Agencies will receive equitable interest in the Corporation as follows:

CNRS, 42.5 percent.
NRC, 42.5 percent.
UH, 15.0 percent.

5. That their respective contributions entitle them to averaged observation time in the following proportion:

CNRS, 42.5 percent.
NRC, 42.5 percent.
UH, 15.0 percent.

SPECIAL PROVISIONS

6. That, in as equal a fashion as possible, maximum use will be made of French and Canadian industrial capacity in the design and construction of the telescope, its basic instrumentation, its dome and associated buildings, and in the production of high-technology components.

7. That the Agencies will ask their respective governmental authorities to grant, in accordance with applicable laws, relief from taxes, including but not restricted to, customs duties, excise and sales taxes on all goods imported specifically for use in the realization of the project and its continuing operation.

8. That the Agencies will request their appropriate governmental authorities to facilitate, in accordance with applicable laws, the free movement and residence of persons who are participating in the project, as well as their families and effects.

9. That, until July 1, 1975, UH will cover the travel and maintenance costs of its representatives engaged in activities associated with the project.

10. That, in order to ensure the availability, should the need arise, of a system for the settlement of disputes concerning the interpretation or application of this Memorandum of Understanding which can not be resolved by the agencies, such a dispute shall at the request of any agency be submitted to a tribunal of arbitration.

Such a tribunal shall be constituted for each individual case as follows: each agency shall appoint two members, and these six members shall jointly propose another member as their chairman, to be appointed jointly by CNRS, NRC and UH. Details of the procedure of arbitration are set out in Appendix C.

INTERIM PROVISIONS

11. That an interim phase will be needed in order to commence the construction of the telescope and its ancillary installations as soon as possible and that an interim organization will be created based on the provisions of paragraph 2 above and detailed hereunder:

(a) the interim phase will start when an interim Board of Directors has been named and will finish when all the necessary agreements have been concluded and the corporation has been established.

(b) during the interim phase each agency will meet the travel and maintenance costs of its representatives engaged in activities associated with the project.

(c) the interim organization will include the following:

- (i) an interim Board of Directors composed of
.4 representatives of CNRS
.4 representatives of NRC
.2 representatives of UH

to be named by their respective agencies.

The interim Board of Directors will be charged with coordination on technical and administrative problems and with drafting the necessary interagency arrangements, as well as the articles of incorporation and bylaws of the corporation. Its recommendations must receive approval from each of the three agencies. In particular the interim Board of Directors must ensure that the design of the telescope and its ancillary installations will satisfy the needs of the astronomers and see that the contractual procedures reflect the principles enunciated in paragraph 6 above.

- (ii) an interim Scientific Advisory Council composed of
.4 representatives of CNRS
.4 representatives of NRC
.2 representatives of UH

to be named by their respective agencies.

This interim Council is responsible for making recommendations to the interim Board of Directors on all scientific and technical matters.

(iii) A project officer and an associate project officer to be named by the agencies on the recommendation of the interim Board of Directors. The project officer and the associate project officer will be jointly responsible to the interim Board of Directors for carrying out the design and construction activities. In particular they must ensure that the equipment provided satisfies the requirements for its intended use and that the contractual procedures are consistent with paragraph 6 above. Following the establishment of the corporation the project officer and the associate project officer may be reconfirmed in their posts by the Board of Directors.

FINAL PROVISIONS

12. That, after the completion of construction of the telescope and the laboratories equipment and installations necessary for its operation and in any case not more than five years from the date of the signature of the Memorandum of Understanding and every five years thereafter authorized representatives of the agencies shall meet in Hawaii or such other place as may be mutually agreed upon to examine if it would be required to propose modifications to the texts and agreements in force.

Signed at Ottawa, on October 25, 1973, in six copies, three in English and three in French, the texts in both languages having equal validity.

By _____,
(For the Centre National de la Recherche Scientifique).

By _____,
(For the National Research Council of Canada).

By _____,
(For the University of Hawaii).

APPENDIX A

TECHNICAL CHARACTERISTICS OF THE PROPOSED TELESCOPE

Optical parameters

The telescope will have a primary mirror of CERVIT material of outside diameter 3.60 metre and will have a focal length corresponding to an aperture ratio of approximately 3.8, and the figure of the primary mirror will be parabolic.

The telescope will have several secondary mirrors, the largest of which will give an effective aperture ratio of approximately 8.0 at the Cassegrain focus.

Other secondary mirrors will provide coudé foci and an infra-red Cassegrain focus. Other Cassegrain mirrors may be added later.

Mechanical description

The mounting will be of the "horse-shoe" type similar to the well-known Palomar 200" telescope which is of proven design and very suitable to low latitudes. However, modern developments such as upper-end exchanges and computer controlled devices will be included.

Instrumentation

Appropriate instrumentation to carry effective astronomical research at the frontier of astronomy will be provided.

Enclosure

The telescope will be enclosed in a dome and supported on a suitable pillar which will also support the coudé spectrograph. The workshop, laboratories and other necessary facilities required will be in an underground building near the dome.

(8)

APPENDIX B

FACILITIES AND SERVICES PLANNED BY THE UNIVERSITY OF HAWAII

The following is a brief description of those facilities and services planned by UH or in existence which are relevant to the operation of the astronomical installation on Mauna Kea.

Land Lease

In order to ensure the integrity of the mountain for astronomical use the State of Hawaii granted General Lease No. S4191 to the University of Hawaii for an area of 13,321 acres of an essentially circular shape of radius 2.5 miles and centered on the summit of Mauna Kea. The lease runs from 1 January 1968 and terminates on 31 December 2033. The lease area extends approximately to the 12,000 foot contour.

Access Road

A. Lower Section

In February, 1973 construction began on a paved road of 6.3 miles length leading from the Saddle Road, a State highway, to the Hale Pohaku which is at 9,200 ft. elevation on Mauna Kea. This road, costing \$2.4 million, will be negotiable to ordinary passenger vehicles. Completion is scheduled for February, 1974.

B. Upper Section

Design is well advanced on a new access route from Hale Pohaku to the summit of Mauna Kea. Construction funds, estimated at \$3 million, are being sought in the 1973 budget request now before the State Legislature. If this request is approved, construction could be completed by early 1975 providing no delays are encountered in letting the necessary contracts.

Mid-Elevation Support Building

Architectural design began in January, 1973 on a group of buildings to be erected on a site at 8,000 ft. elevation on Mauna Kea. These buildings are to provide a supporting facility for activities at the summit. Included will be one building with office and laboratory space, a kitchen and a dining room, a reading room, and some storage areas. A separate structure will accommodate at least 20 people. A set of 5 family dwellings is envisaged as housing for permanent staff. A maintenance shop is also to be provided for minor upkeep of vehicular, mechanical and electrical equipment. Funds in the sum of \$686,000 are available for this project.

Utilities

A. Electrical Power

The sum of \$842,600 has been appropriated for construction of a 750 kw power line to carry main power to the mid-elevation buildings and

(9)

to the summit. This power line is under design for projected completion in 1974.

B. Water

Plans for the mid-elevation buildings call for a feasibility study for a piped, fresh water supply from a spring higher on the mountain. It is not planned to supply a water line to the summit.

C. Telephones

Mauna Kea is directly connected via microwave links to the Hawaiian Telephone Company System. Similar connections for the mid-elevation buildings are planned.

Sea-Level Support Facilities

An appropriation of \$24,000 made in 1971 allows for design of a support facility planned for construction on the Hilo Campus. Specifications for this building are quite open at this time. The University intends to make definite plans during 1973. No construction money is available.

Manoa Campus

The new building to house the Institute for Astronomy of the University of Hawaii is under construction at the University's Manoa Campus. This facility of 61,500 sq. ft. is to contain offices, data reduction areas, library, shops and laboratories. Completion is scheduled for mid-1974. The Institute plans to make office space available in the building for both short and long-term visitors among whom are expected to be colleagues from France and Canada associated with the Mauna Kea 3.60 m Telescope.

APPENDIX C

PROCEDURE OF ARBITRATION

All members of the tribunal shall be appointed within two months after any agency has informed the other agencies that it wishes to submit the dispute to a tribunal of arbitration.

If the two month period specified above has not been observed, any agency may in the absence of any other relevant agreement invite the President of the International Court of Justice to make the appointments necessary to fill any positions vacant on the tribunal at the end of that period.

The tribunal shall determine the place or places where it shall sit, its own procedures and all other administrative matters. The decision of the tribunal shall be by majority vote.

The tribunal shall make its decision as promptly as possible and in any case no later than three months from the date of its establishment.

The tribunal shall transmit a certified copy of its findings including the decision and the reasons for it to each agency. Each agency shall bear the costs for its own members on the tribunal of arbitration and of its representatives in the tribunal's proceedings. The costs of the chairman and the remaining costs shall be borne in equal parts by the agencies unless the tribunal otherwise decides. The decision of the tribunal shall be final and binding.

Canada-France-Hawaii telescope—Estimate of articles to be imported into the United States

	<i>Estimated value</i> ¹
Telescope ² (including mirrors, drives, control, field monitoring and automatic guiding systems)-----	\$3, 604, 000
Aluminizing tank:	
Vacuum equipment-----	80, 000
Electrical equipment-----	60, 000
Measuring devices-----	20, 000
Tank-----	140, 000
Total-----	300, 000
Instrumentation (spectrography and photometers)-----	1, 700, 000
Building (prefabricated steel structure to be assembled at the site)-----	150, 000
Dome:	
Steel structure-----	200, 000
Aluminum sheeting-----	380, 000
Machinery-----	570, 000
Total-----	1, 150, 000

Canada-France-Hawaii telescope—Estimate of articles to be imported into the United States—Continued

Dome—Continued	
Handling equipment-----	⁶ 510,000
(a) 30-ton telescope installation crane.	
(b) 15-ton aluminizing crane in Core Bldg.	
(c) 2 1-ton A-frame hoists.	
(d) Overhead dome crane; prime focus cage (elevator); handling ring for telescope upper ends.	
(e) 15-ton mirror carriage (lowest floor).	
(f) 40-ton mirror carriage (15-ton mirror, 15-ton adjusting mechanism, 10-ton carriage).	
(g) Cassegrain platform (excluding external controls).	
(h) Cherry picker for dome maintenance.	
Shop equipment (metal-working machine tools)-----	⁷ 200,000
Total -----	⁸ 7,614,000

¹ The figures herein are estimates and are subject to modification, e.g. fluctuations can occur in the value of the foreign currencies involved, in labor costs, and in the value of components which must be acquired through competitive bidding.

² An itemization of telescope parts is attached. (Annex A.)

³ The total estimated cost of the telescope is \$3,744,000 less the value of certain motors, encoders and a minicomputer that will be purchased in the United States at an estimated cost of \$140,000.

Local labor for site erection is estimated at \$420,000. In addition, the CFH telescope project will purchase a data acquisition computer in the United States at an estimated cost of \$250,000.

⁴ The estimated value of the building excludes such items as the foundation, paint, concrete, plumbing, electrical and air conditioning equipment, interior partitions, furniture and other furnishings all of which will be purchased in the United States at an estimated cost of \$2,850,000.

⁵ This figure does not include the costs of local labor to be used in building construction at the site which is estimated at \$830,000.

⁶ This figure does not include costs of local labor to be used for installation of handling equipment at the site which is estimated at \$150,000.

⁷ This figure does not include the costs of electronic and darkroom equipment which will be purchased in the United States at an estimated cost of \$200,000.

⁸ In addition to the estimated value of articles to be imported, it is projected that the CFH telescope project will expend approximately \$5,574,000 for domestically manufactured articles and local labor in the United States.

ANNEX A

Canada-France-Hawaii telescope: Estimate of articles to be imported into the United States

	<i>Estimated value</i>
Primary mirror:	
Blank (manufactured in the United States, purchased in 1970)---	\$634,000
Polishing (added value)-----	200,000
Cassegrain mirror and other optics:	
Blanks (to be purchased in the United States)-----	100,000
Polishing (added value)-----	150,000
Telescope mounting:	
Mounting and accessories-----	¹ 1,680,000
Gears-----	² 240,000
Drive and control:	
Motors (to be purchased in the United States)-----	40,000
Encoders (to be purchased in the United States)-----	40,000
Computer (to be purchased in the United States)-----	60,000
Commutators-----	40,000
Console and handsets-----	100,000
Amplifiers for drive motors-----	20,000
Multiplexing units-----	40,000
Guiding heads and closer-circuit TV-----	400,000
Total -----	3,744,000

¹ These figures do not include assembly and testing in shop, crating and shipping which are estimated at \$860,000, nor erection at the site (U.S. labor) which is estimated at \$420,000.

NOTE.—All costs estimated in French francs are converted into U.S. dollars at the rate of \$1=5F.

EFFECT ON THE REVENUES OF THE BILL AND VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 7 of rule XIII of the Rules of the House of Representatives, the following statement is made relative to the effect on the revenues of this bill: Your committee estimates that the provisions of this bill will result in a loss of revenue of no more than \$1.3 million.

In compliance with clause 27(b) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote by the committee in reporting the bill: Your committee was unanimous in favorably reporting H.R. 11796 as amended.

○

DUTY-FREE ENTRY OF TELESCOPE AND ASSOCIATED ARTICLES FOR CANADA-FRANCE-HAWAII TELESCOPE PROJECT

DECEMBER 14, 1974.—Ordered to be printed

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

REPORT

[To accompany H.R. 11796]

The Committee on Finance, to which was referred the bill (H.R. 11796) to provide for the duty-free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

I. SUMMARY

House bill.—The House bill would permit the duty free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii telescope project at Mauna Kea, Hawaii.

Committee bill.—The committee adopted two amendments. One committee amendment would suspend until June 30, 1977, the duty on zinc-bearing ores and certain other zinc bearing materials, including zinc waste and scrap. The second committee amendment would amend the gift exemption provisions of the Tariff Schedules to prohibit non-residents from importing alcoholic beverages and cigarettes duty free into the United States for gift purposes and would bring U.S. customs regulations for residents and nonresident into conformity with the treatment presently accorded U.S. travelers to Canada.

II. GENERAL STATEMENT

A. DUTY-FREE ENTRY OF A TELESCOPE

The purpose of H.R. 11796, as passed by the House, is to permit the duty-free entry of a 3.60-meter telescope, and the laboratories, equip-

ment, and installations necessary for its operation, in the Canada-France-Hawaii telescope project at Mauna Kea, Hawaii.

The Canada-France-Hawaii telescope project is a nonprofit international cooperative undertaking by the Centre National de la Recherche Scientifique of France, the National Research Council of Canada, and the University of Hawaii. The memorandum of understanding among these three agencies provides for the installation and development of a major astronomical observatory and facility at Mauna Kea, Hawaii.

According to the National Science Foundation, Mauna Kea, Hawaii, "is one of the best optical telescope sites in the United States for sky coverage, atmospheric clarity, and low level of interference from human activities." The National Aeronautics and Space Administration informed the committee that Mauna Kea "may be one of the best (observing sites) in the world." In addition to providing astronomers in France and Canada with a unique site for an optical telescope, the project will also benefit the U.S. scientific community, according to both the National Science Foundation and the National Aeronautics and Space Administration.

Specifically, the memorandum of understanding provides that the total cost of the construction of the project, including the telescope, its basic instrumentation, its dome, and associated buildings (approximately \$20 million), is to be borne equally by the scientific agencies of France and Canada. The initial contribution of the University of Hawaii will consist of a long-term lease of the site and provision of certain support services and facilities.

The memorandum of understanding also provides that once construction has been completed, operating costs will be shared as follows: 42.5 percent each for the Centre National de la Recherche Scientifique of France and the National Research Council of Canada, and 15 percent for the University of Hawaii. Likewise, interests in the nonprofit corporation established under the laws of the State of Hawaii to operate the project are assigned to the three cooperating agencies on the same proportional basis. A similar distribution of observation time on the telescope is provided.

The predominant interests and contributions of the two scientific agencies of France and Canada in the project are also recognized by the memorandum of understanding in the special provisions regarding the maximum use of French and Canadian industrial capacity in the design and construction of the telescope, its basic instrumentation, its dome, and associated buildings, and in the production of high-technology components. Related to this aspect of the project is H.R. 11796 which carries out the commitment of the University of Hawaii to ask "governmental authorities to grant, in accordance with applicable laws, relief from taxes, including but not restricted to, customs duties, excise and sales taxes on all goods imported specifically for use in the realization of the project and its continuing operation."

H.R. 11796, as reported by the committee, will provide for the duty-free entry of imported articles required by the Canada-France-Hawaii telescope project. The duty-free entry is limited to the optical telescope, and the laboratories, equipment, and installation necessary for its operation, as provided in the memorandum of understanding, signed at Ottawa on October 25, 1973, among the three agencies.

The bill provides that duty-free entry can only be accorded articles if certified by the executive director of the project (or associate director) as being required for the completion of the project in accordance with the memorandum of understanding.

In addition, the bill provides that the duty-free treatment shall not apply after June 30, 1980. As intended by the bill as originally introduced, H.R. 11796, as reported, provides that entries of articles made before the date of enactment may be accorded duty-free treatment upon appropriate request being filed with the customs officer concerned.

Public Law 89-651 implements the so-called Florence Agreement providing for the duty-free exchange of cultural, scientific, and educational material. Under that law, Congress provided that scientific instruments imported for use by nonprofit institutions may be afforded duty-free entry if it is determined that no instrument of equivalent scientific value is available from domestic sources. By establishing public policy and procedures regarding duty-free entry of scientific instruments for use by nonprofit institutions, Public Law 89-651 made it unnecessary to consider separate relief bills for nonprofit institutions seeking to import free of duty scientific equipment not available in the United States. In light of this public law, the committee has considered why the provision of Public Law 89-651 should not be applied to the Canada-France-Hawaii telescope project.

The committee has determined that the favorable consideration of H.R. 11796, as reported, is not a departure from public policy of Public Law 89-651 due to the unique characteristics of the joint international undertaking involving scientific agencies in Canada and France and the cooperation, including the provision of the site for the observatory, of the University of Hawaii. In addition, the size of the project and its development over an extended period of time make it most difficult, if not impossible, to use the detailed petitioning and approval procedures for the duty-free treatment of scientific instruments established by the Department of Commerce and the U.S. Customs Service under Public Law 89-651.

The committee has received no objections to the enactment of H.R. 11796 from any interested party. Favorable reports were received on the bill from interested executive branch agencies, and the committee has amended the bill at the suggestions of the Departments of Treasury and Commerce to more closely conform the provisions of the bill to the intent of Public Law 89-651.

Preliminary estimates furnished the committee relative to articles to be entered under the provisions of H.R. 11796 indicate an estimated value of \$7.6 million. A listing of products which will be imported into the United States for use in the telescope project is included below, immediately following the memorandum of understanding.

In view of the likelihood that import duties existing under present law would add unnecessary costs and complications to the project, the completion of which would be of real benefit to the American scientific community, and in the interest of the international practice of facilitating international scientific endeavors, the committee has favorably reported H.R. 11796, as amended.

B. SUSPENSION OF DUTY ON CERTAIN FORMS OF ZINC

In the period 1969-1973, the U.S. demand for slab zinc metal increased from 1.4 million tons in 1969 to 1.5 million tons in 1973. During this same period, U.S. production of slab zinc metal declined from 1.1 million tons in 1969 to 688,000 tons in 1973. The decline in U.S. production was caused by the closures of several smelters in the United States. These closures resulted from a number of interrelated factors such as high production costs, plant and technology obsolescence, environmental control regulations and a lack of zinc ores and concentrates. Within the last year, certain U.S. firms have announced their intentions to construct large technologically advanced zinc smelters in the United States. These plants would smelt both domestic and imported zinc ores and concentrates.

Historically, imported zinc ores and concentrates have been used to a significant degree in the production of slab zinc in the United States. In 1969, about 54 percent of U.S. production of slab zinc was smelted from foreign ores and concentrates compared to only 29 percent in 1973. One of the primary reasons for this decline in the imports of zinc ores and concentrates in relationship to the needs of the existing and proposed U.S. zinc smelters is the U.S. tariff on zinc ores and concentrates and other zinc-bearing materials. Zinc ores and concentrates are imported duty free into other major zinc metal-producing countries. Thus, the U.S. tariff places both the existing and proposed U.S. smelters at a competitive disadvantage in purchasing zinc ores and concentrates on the world market.

The committee amendment would end this tariff related competitive disadvantage of domestic smelters for the temporary period provided in the bill. The Committee amendment would amend the Appendix of the Tariff Schedules of the United States (TSUS) to suspend until the close of June 30, 1977, under rate column numbered 1 (applicable to imports from countries accorded most-favored-nation treatment) the duty on zinc-bearing ores provided for in TSUS item 602.20, zinc dross and zinc skimmings provided for in item 603.30, the zinc content of other metal-bearing materials provided for in items 603.49, 603.50, 603.54, and 603.55, and zinc waste and scrap provided for in item 626.10. The rate column numbered 1 duty on the zinc content of zinc-bearing ores and other zinc-bearing materials is currently 0.67¢ per pound and on zinc dross and skimmings is 0.75¢ per pound. On the basis of 1972 import data, the *ad valorem* equivalent of these duties ranges from 6 to 20 percent, depending on the zinc content and, in turn, the price of the zinc-bearing material. The column numbered 2 duties (applicable to imports from Communist countries, except Poland and Yugoslavia) would remain unchanged. These duties are 1.67¢ per pound on zinc-bearing ores and other zinc-bearing materials and 1.5¢ per pound on zinc dross and skimmings.

The committee believes that its amendment will assist in maintaining and improving the position of U.S. smelters vis-a-vis foreign smelters, thereby reversing the increasing dependence of this country on imports of zinc metal as distinguished from ores and concentrates. According to statistics provided by the Department of the Interior, imports of zinc in ore and concentrate declined 88,000 tons, or 26 percent, in 1972 from the previous year, while imports of zinc metal in-

creased 203,000 tons, or 64 percent. Moreover, the committee is further advised that had not large quantities of zinc been released from the Government stockpiles in that year, imports of metal probably would have exceeded the previous year's imports by more than 140 percent.

The committee is assured that suspension of the duty for the temporary period provided in this bill will not adversely affect domestic zinc mines. No unfavorable reports or comments were received by the committee on the bill.

C. DUTY EXEMPTION FOR ALCOHOLIC BEVERAGES AND CIGARETTES BROUGHT INTO THE UNITED STATES

The purpose of the committee amendment is to equalize the personal liquor and cigarette duty exemption for returning residents and nonresidents. The amendment would amend Section 812.25 of the Tariff Schedules of the United States (relating to nonresident exemptions) to eliminate alcoholic beverages and cigarettes from the category of articles a nonresident can import duty-free under his \$100 exemption for bona fide gifts. The items he or she could bring in free of duty for his or her personal consumption would not be affected. The amendment would also change Section 813.30 of the Tariff Schedules to limit the number of cigarettes that could accompany a returning American resident to 200 (one carton). The amendment would also cut this number of duty free cigarettes a nonresident could enter for his own use from 300 to 200. Item 813.10 of the Tariff Schedules would be amended to provide that citizens of the United States who are residents of American Samoa, Guam, or the Virgin Islands, shall be treated as residents for the purposes of the applying these items of The Tariff Schedules.

The changes proposed by the Committee amendment would in effect limit all travellers entering the United States to the duty free purchase of one bottle of liquor and one carton of cigarettes. (The only exception would be in the case of residents returning from the Virgin Islands, Guam, or American Samoa, whose one gallon duty free exemption would be permitted to continue.)

When Congress amended Sections 813.30 and 813.31 of the Tariff Schedules in 1965, to reduce the personal exemption for alcoholic beverages allowed returning U.S. residents from one gallon to one quart, it neglected to make a corresponding adjustment in the exemption allowed nonresident visitors. Under present law, Section 812.25, a nonresident who intends to remain in the United States for more than 72 hours and has not made a previous visit in the preceding six months, has a duty-free personal exemption of one quart of alcoholic beverages for his personal consumption, and five fifths to be disposed by him as bona fide gifts, as long as the total value of the beverages stays within the overall \$100 personal exemption he is allowed. Alternatively, he can bring in up to \$100 in cigarettes, duty free, to be disposed of as gifts, or a combination of liquor and cigarettes not to exceed \$100.

Until now, this discrepancy has not threatened to complicate customs inspection at points of entry. Most non-residents making purchases at duty-free shops at foreign airports, prior to coming to the U.S., have not taken advantage of the five fifths liquor exemption or

the \$100 cigarette exemption, either because they are unaware of it or because of the difficulty in carrying this much liquor or cigarettes on an air journey with them. Nonresidents arriving by automobile must come from either Canada or Mexico, both countries in which liquor and cigarette prices for the popular brands are as high or higher than in the United States. Since neither country has had duty-free shops on their side of the border, it did not pay for nonresidents to purchase these products before entering the United States by auto.

For these reasons, the Customs Service has not felt it necessary to physically distinguish residents from nonresidents in making inspections for these goods. Oral declarations have been accepted, and no effort has had to be made to police the requirement that liquor and tobacco imported free of duty by visiting nonresidents must be bona-fide gifts.

This situation is about to change radically. The government of Canada has recently authorized the establishment of duty-free shops at all highway points on the U.S.-Canadian border, and such stores will begin operating as early as next summer.

In Fiscal 1972, almost five million persons and over two million vehicles entered the United States at the ten most heavily-used border points. This traffic was a 70% increase in volume over FY 1960. The total number of entries from all Canadian points last year was in excess of 65 million.

Under the current provisions of our tariff law, once such stores begin operating, every Canadian citizen or other foreign resident over 21 years of age will have the opportunity to purchase at these stores up to six bottles of liquor (one quart for personal use, five fifths for "gifts") and an unlimited number of cigarettes on their way into the U.S. These purchases can be made free to U.S. duty and Canadian excise tax, and thus at approximately 50% of the U.S. prices.

Once such purchases are brought into the U.S., there is nothing to prevent them from being surreptitiously sold or bartered for merchandise at U.S. stores, in violation of both the tariff law and revenue laws of the several states. For example at Champlain, New York, the most frequently used entry point from Quebec, where 1.4 million vehicles and 3.4 million people entered in FY 1972, many Canadian citizens regularly cross the border once a week to do their grocery shopping in nearby Plattsburgh, New York. A Canadian couple bound for Plattsburgh could, under the present exemption, purchase twelve bottles of scotch at the Quebec duty-free stores for approximately \$42.00. Those same bottles retail in New York State for \$84.00, a considerable profit upon resale or barter. The temptation to abuse the "bona-fide gifts" requirement would be strong, especially since no effort is now made to enforce compliance with this requirement except through brief oral declaration.

No unfavorable comments have been received by the committee on this amendment.

III. 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 dealing with the duty free entry of the telescope will result in a loss of revenue of no more than \$1.3 million. The committee estimates that the revenue loss resulting from the duty suspension on zinc-bearing ores and certain zinc-bearing materials in the first full year would be approximately \$3.1 million. The committee estimates that no revenue loss would arise as a result of proposed changes in the personal exemption for gifts of alcoholic beverages and cigarettes.

IV. VOTE OF COMMITTEE ON 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.

V. CHANGES IN EXISTING LAW

In the opinion of the subcommittee it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of subsection 4 of rule XXIX of the Standing Rules of the Senate (relating to the showing of changes, in existing law made by the bill, as reported).

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Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,
one thousand nine hundred and seventy-four*

An Act

To provide for the duty-free entry of a 3.60 meter telescope and associated articles for the use of the Canada-France-Hawaii Telescope Project at Mauna Kea, Hawaii.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the Secretary of the Treasury is authorized and directed to admit free of duty imported articles required by the Canada-France-Hawaii Telescope Project to complete the installation on Mauna Kea, Hawaii, of an optical telescope of 3.60 meters diameter, and the laboratories, equipment, and installations necessary for its operation, as provided for in a memorandum of understanding, signed at Ottawa on October 25, 1973, among the Centre National de la Recherche Scientifique of France, the National Research Council of Canada, and the University of Hawaii.

(b) The admission free of duty provided for in subsection (a) shall be accorded to any article imported by or for the account of the Canada-France-Hawaii Telescope Project if such article is certified by the Executive Director or the Associate Executive Director of the Canada-France-Hawaii Telescope Corporation as being required for the completion of the project in accordance with the memorandum of understanding referred to in subsection (a).

SEC. 2. (a) The provisions of the first section of this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption, on or before June 30, 1980.

(b) Upon appropriate request therefore filed by the Executive Director or the Associate Executive Director of the Canada-France-Hawaii Telescope Corporation with the customs officer concerned on or before the one hundred and twentieth day after the date of the enactment of this Act, the entry or withdrawal of any article described in the first section of this Act which was made before the date of the enactment of this Act shall, notwithstanding the provisions of section 514 of the Tariff Act of 1930 or any other provision of law, be liquidated or reliquidated in accordance with the provisions of such first section.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

December 24, 1974

Dear Mr. Director:

The following bills were received at the White House on December 24th:

S.J. Res. 40	✓ S. 3481 ✓	H.R. 8958 ✓	✓ H.R. 14600 ✓
S.J. Res. 133	✓ S. 3548 ✓	H.R. 8981 ✓	✓ H.R. 14689 ✓
S.J. Res. 262	✓ S. 3934 ✓	H.R. 9182 ✓	✓ H.R. 14718 ✓
✓ S. 251 ✓	✓ S. 3943 ✓	H.R. 9199 ✓	✓ H.R. 15173 ✓
S. 356 ✓	S. 3976 ✓	H.R. 9588 ✓	✓ H.R. 15223 ✓
S. 521 ✓	S. 4073 ✓	H.R. 9654 ✓	✓ H.R. 15229 ✓
S. 544 ✓	✓ S. 4206 ✓	H.R. 10212 ✓	✓ H.R. 15322 ✓
S. 663 ✓	H.J. Res. 1178 ✓	✓ H.R. 10701 ✓	✓ H.R. 15977 ✓
✓ S. 754 ✓	✓ H.J. Res. 1180 ✓	✓ H.R. 10710 ✓	✓ H.R. 16045 ✓
S. 1017 ✓	✓ H.R. 421 ✓	H.R. 10827 ✓	✓ H.R. 16215 ✓
S. 1083 ✓	H.R. 1715 ✓	✓ H.R. 11144 ✓	✓ H.R. 16596 ✓
✓ S. 1296 ✓	H.R. 1820 ✓	✓ H.R. 11273 ✓	✓ H.R. 16925 ✓
S. 1418 ✓	H.R. 2208 ✓	✓ H.R. 11796 ✓	✓ H.R. 17010 ✓
S. 2149 ✓	✓ H.R. 2933 ✓	✓ H.R. 11802 ✓	✓ H.R. 17045 ✓
S. 2446 ✓	H.R. 3203 ✓	✓ H.R. 11847 ✓	✓ H.R. 17085 ✓
S. 2807 ✓	H.R. 3339 ✓	✓ H.R. 11897 ✓	✓ H.R. 17468 ✓
S. 2854 ✓	H.R. 5264 ✓	✓ H.R. 12044 ✓	✓ H.R. 17558 ✓
S. 2888 ✓	H.R. 5463 ✓	✓ H.R. 12113 ✓	✓ H.R. 17597 ✓
S. 2994 ✓	✓ H.R. 5773 ✓	✓ H.R. 12427 ✓	✓ H.R. 17628 ✓
✓ S. 3022 ✓	H.R. 7599 ✓	✓ H.R. 12884 ✓	✓ H.R. 17655 ✓
S. 3289 ✓	H.R. 7684 ✓	✓ H.R. 13022 ✓	
S. 3358 ✓	H.R. 7767 ✓	✓ H.R. 13296 ✓	
S. 3359 ✓	H.R. 8214 ✓	✓ H.R. 13869 ✓	
S. 3394 ✓	H.R. 8322 ✓	H.R. 14449 ✓	
✓ S. 3433 ✓	H.R. 8591 ✓	✓ H.R. 14461 ✓	

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C.