

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: July 26, 2005]²

Bill No. and sponsor: H.R. 707 (Mr. Israel)

Proponent name, location: Mr. Jeffrey C. Miritello
Inter-Mares Trading Co., Inc.
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Other bills on product (109th Congress only): None

Nature of bill: Permanent HTS amendment

Retroactive effect: None

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Of one or more of the materials bamboo, rattan, willow, or wood:³
4601.91.25 Rattan webbing
4601.91.30 Other

Check one: Same as that in bill as introduced
 Different from that in bill as introduced (explain differences in technical comments section)

Product information, including uses/applications and source(s) of imports:

Rattan comes from various climbing palms which are generally indigenous to tropical and subtropical forests, particularly of Southeast Asia.⁴ The stems of rattan palms are rope-like, woody vines that range from 1/8 to 2 inches in diameter and can grow to 600 feet in length.⁵ Many rattan palms are classified in the genus, *Calamus*,⁶ but there are over 700 known species classified in 13 different genera.⁷ Rattan stems are collected from the forest and typically cut into 10 to 20 foot lengths.⁸ The stems are boiled in oil and

¹ Industry analyst preparing report: Fred Forstall (202-205-3443); Tariff Affairs contact: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at <http://www.usitc.gov/billrpts.htm> Access to a paper copy is available at the Commission's Law Library (202-205-3287) or at the Commission's Main Library (202-205-2630).

³ These provisions would be subordinate to existing subheading 4601.91.

⁴ Indonesia is the major world supplier of rattan. "Rattan Facts," found at <http://www.inbar.int/rattan.htm> and retrieved on Feb. 10, 2004.

⁵ "About Rattan Furniture," found at <http://www.sevensesrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.

⁶ "About Rattan Furniture," found at <http://www.sevensesrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.

⁷ "Rattan Facts," found at <http://www.inbar.int/rattan.htm> and retrieved on Feb. 10, 2004.

⁸ "About Rattan Furniture," found at <http://www.sevensesrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.

scoured with sand or sawdust to remove the natural gums and resins.⁹ Its inherent strength and flexibility make rattan particularly suitable for the manufacture of woven articles such as furniture, baskets, screens, and chair seats.¹⁰ Typically, the strong outer bark (a.k.a. cane) is split into flat strips and utilized for products requiring strength (e.g., chair backs and seats).¹¹ The inner portion or core of the vine (a.k.a. reed)¹² is not as strong as the cane;¹³ but because it is porous and takes stains well,¹⁴ the reed is particularly useful for decorative items (e.g., baskets).¹⁵ The whole stem may be utilized in making frames for wicker furniture.¹⁶ The United States does not produce unfinished rattan and no longer processes unfinished rattan.¹⁷ The subject product is rattan webbing, comprising rattan that has been woven into sheets that are imported as a raw material for furniture manufacture. Suppliers to the U.S. market include China, Hong Kong, India, Philippines, Thailand, and Indonesia.

Estimated effect on customs revenue:

According to U.S. Customs rulings,¹⁸ the existing 8-digit subheading, HTS 4601.20.20, which is accorded duty-free treatment, does not cover goods of a type imported by the proponent; the rulings suggest that this provision is misplaced because it is inferior to a 6-digit subheading (4601.20) which covers specific finished goods and thereby excludes the subject rattan webbing (which lacks a “frame” or finishing border). A provision at the 8-digit level, no matter how broadly constituted, cannot widen the scope of a superior 6-digit subheading in the tariff nomenclature hierarchy. Customs states that, under the current HTS language, the subject rattan webbing is correctly classified in subheading 4601.91.20, a residual or basket category, rather than subheading 4601.20.20, with the result that the proponent’s rattan webbing cannot be accorded duty-free entry.

HTS subheading: 4601.91.20					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty (AVE) ^{1/}	6.6%	6.6%	6.6%	6.6%	6.6%
Estimated value <i>dutiable</i> imports	\$457,000	\$457,000	\$457,000	\$457,000	\$457,000
Customs revenue loss	\$30,162	\$30,162	\$30,162	\$30,162	\$30,162

^{1/} The AVE is the ad valorem equivalent of a specific or compound duty rate expressed as a percent, using the most recent import data available. Dutiable imports estimates relate to the subject product and are based upon input from the proponent.

Contacts with domestic firms/organizations (including the proponent):

⁹ “About Rattan Furniture,” found at <http://www.sevenseasrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.
¹⁰ “Rattan Facts,” found at <http://www.inbar.int/rattan.htm> and retrieved on Feb. 10, 2004.
¹¹ “The Wakefield Rattan Company,” found at <http://www.wakefieldma.org/rattan.html> and retrieved on Feb. 10, 2004.
¹² “About Rattan Furniture,” found at <http://www.sevenseasrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.
¹³ Telephone interview with Jeffery Miritello, Inter-Mares Trading Co., Feb. 10, 2004.
¹⁴ “The Wakefield Rattan Company,” found at <http://www.wakefieldma.org/rattan.html> and retrieved on Feb. 10, 2004.
¹⁵ Telephone interview with Jeffery Miritello, Inter-Mares Trading Co., Feb. 10, 2004.
¹⁶ “About Rattan Furniture,” found at <http://www.sevenseasrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.
¹⁷ Telephone interview with Jeffery Miritello, Inter-Mares Trading Co., Feb. 10, 2004.
¹⁸ U.S. Customs ruling HQ 956134 found at <http://rulings.customs.gov/index.asp?ru=956134&qu=HQ+956134&vw=detail> and retrieved on Feb. 17, 2004.

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
		(Yes/No)		
Inter-Mares Trading Co., Inc. (importer of subject product)	2/10/2004 2/13/2004 ¹⁹	No	No	No

Technical comments:²⁰

We note that the bill would delete existing subheading 4601.91.20,²¹ in order to subdivide it and provide separately for the subject rattan webbing at a general duty rate of free; it does not delete the existing provision 4601.20.20 in order to ensure that no product that might conceivably fall there would experience a duty increase. It is estimated that the customs revenue impact of this split likely would be approximately \$14,000 per year based on the proponent's data; the impact would not exceed \$320,000 per year in the unlikely event that all dutiable imports entered under subheading 4601.91.20 were actually rattan webbing (the provision also covers goods of bamboo, willow or wood).

¹⁹ A copy of a Sept. 19, 2003, Inter-Mares submission to the sponsor on a substantively identical bill of the 108th Congress was supplied to the Commission and is attached to this report.

²⁰ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

²¹ For the record, it should be noted that in spite of the U.S. Customs ruling, there were approximately \$246,000 in imports of goods that were invoiced and entered as "rattan webbing" under subheading 4601.20.20 in 2004. Though implicitly misclassified, some goods are receiving duty-free treatment; further details on the exact nature of these shipments are unavailable.

109TH CONGRESS
1ST SESSION

H. R. 707

To amend the Harmonized Tariff Schedule of the United States with respect to rattan webbing.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 2005

Mr. ISRAEL introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Harmonized Tariff Schedule of the United States with respect to rattan webbing.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. RATTAN WEBBING.**

4 (a) IN GENERAL.—Chapter 46 of the Harmonized
5 Tariff Schedule of the United States is amended by strik-
6 ing subheading 4601.91.20 and inserting the following
7 new subheading and superior text thereto, with such supe-
8 rior text having the same degree of indentation as the arti-
9 cle description for subheading 4601.91.40:

“	4601.91.25	Of one or more of the materials bamboo, rattan, willow, or wood: Rattan webbing	Free	20%	”
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4601.91.30	Other	6.6%	Free (A, AU, CA, CL, E, IL, J, JO, MX) 3.3% (SG)	45%	”.
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1 (b) STAGED RATE REDUCTIONS.—Any staged reduc-
2 tion of a rate of duty proclaimed by the President before
3 the date of the enactment of this Act, that—

4 (1) would take effect on or after such date of
5 enactment, and

6 (2) would, but for the amendment made by sub-
7 section (a), apply to subheading 4601.91.20 of the
8 Harmonized Tariff Schedule of the United States,
9 applies to the corresponding rate of duty set forth in sub-
10 heading 4601.91.30 of such Schedule (as added by sub-
11 section (a)).

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