

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: November 29, 2005]²

Bill No. and sponsor: H.R. 2467 (Mr. Rob Simmons of Connecticut)

Proponent name, location: The Warren Corporation, Stafford Springs, CT.

Other bills on product (109th Congress only): None.

Nature of bill: Extension of existing temporary duty suspension through December 31, 2008.³

Retroactive effect: None.

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

No changes in the article description of heading 9902.51.16 (referring to the first provision so numbered), which sets forth the current duty suspension. However, the bill as drafted would amend heading 9902.15.16, rather than the correct 9902.51.16. It is also suggested that, in this bill or as a separate technical correction, either this provision or the second provision bearing the same number should be redesignated. The second such heading covers certain fabrics of combed wool.

Check one: Same as that in bill as introduced.
 Different from that in bill as introduced (see Technical comments section).

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

The bill covers fine animal hair of cashmere (from Kashmir goats) that is not carded or combed, or processed in any manner beyond the degreased or carbonized condition. Cashmere fiber goes through several processing steps before it is carded or combed, an intermediate step in the yarn production process. In general, the fiber is sorted and then scoured, to remove dirt, grease and vegetable matter.⁴ The fiber is then “dehaired,” to remove more of the vegetable matter, as well as dandruff and the coarse outer guard hair, after which it is carded, combed, and spun into yarn. Based on industry information, most of the fiber imported under HTS subheading 5102.11.90 is spun into cashmere yarn for use in making woven fabric for coats and jackets. U.S. imports of the subject fine animal hair totaled \$2.5 million in 2004, of which Mongolia supplied 72 percent of the total, and China supplied most of the remainder.

¹ Industry analyst preparing report: Andrea Boron (202-205-3433); Tariff Affairs contact: Jan Summers (202-205-2605)

² An electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.

³ The subject product is eligible for duty-free entry under heading 9902.51.16 through December 31, 2006.

⁴ Information on the production process is from the Cashmere and Camel Hair Manufacturers Institute (CCMI), “How is Cashmere Produced?” 1999, found at <http://www.cashmere.org/english/production.htm>, retrieved Sept. 12, 2005.

Estimated effect on customs revenue:

HTS subheading: <u>5102.11.90</u>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty <u>1/</u>	4.1%	4.1%	4.1%	4.1%	4.1%
Estimated value <i>dutiable</i> imports	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Customs revenue loss <u>2/</u>	\$102,500	\$102,500	\$102,500	\$102,500	\$102,500

1/ The duty rate shown represents the ad valorem equivalent of the general duty rate of 4.9cents/kg plus 4 percent ad valorem, based upon import data for 2004.

2/ The revenue loss data for 2005-2006 reflect the existing duty suspension under heading 9902.51.16 through 12/31/2006.

Source of estimated dutiable import data: Commission estimates based on official U.S. Government statistics.

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

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
The Warren Corporation (Proponent) Ms. Lisa Cornish, 860-684-2766 ext. 113	8/25/2005	No	Yes	No
Hanora Spinning Walter Mercier, 401-767-3360	9/13/2005	No	No	No
Kent Manufacturing Mark Kent, 864-878-6367	9/13/2005	No	No	No
Jagger Brothers David Jagger, 207-324-5622	9/13/2005	No	No	No
National Textile Association David Trumbull, 617-542-8220	9/13/2005	No	Yes	No
Burlington Worldwide, Div.of Intl. Textile Gp. Frank Bakirdan, 336-379-2036	9/13/2005	No	No	No
Victor Forstmann, Inc. Merritt Loring, 478-275-5781	9/13/2005	No	No	No
Tailored Clothing Association David Starr, dastarr@wms-jen.com	9/13/2005	No	No	No

Technical comments:⁵

The bill incorrectly references HTS heading 9902.15.16 as setting forth the existing duty suspension. The correct heading is 9902.51.16. To remedy the problem of duplicate numbering, this provision could be redesignated as 9902.51.18. If instead the second provision now numbered as heading 9902.51.16 is redesignated as 9902.15.18, U.S. note 17 to subchapter II of chapter 99 should be amended to change the heading number.

⁵ 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.

Submissions of Interested Parties

Warren Corporation (in support of legislation)



Warren of Stafford
WARREN CORPORATION

AN AFFILIATE OF

Ing. Loro Piana & C. s.p.a.

September 16, 2005

RE: HR2459-HR2468

I am writing on behalf of the Warren Corporation in support of several legislation initiatives designed to provide temporary duty relief to products of import interest to our company. Some of these bills are an extension of existing duty suspensions, while others are first time requests for temporary duty relief.

Extensions of Existing Duty Suspensions

HR 2459 – Yarn of combed Kashmir and Yarn of Camel Hair

HR 2460 – Yarn of carded Kashmir

HR 2461 – Certain Kashmir Hair

HR2467 – Fine Animal hair of Kashmir

We believe that the request for a duty suspension extension on these items is completely non-controversial in that they are not produced by any U.S. manufacturer. In fact, these items were the subject of a formal petition to the Committee for the Implementation of Textile Agreements (CITA) under the established short supply provisions contained in the Trade and Development Act of 2000 (Public Law 106-200) and the more recent NAFTA short supply changes with Canada of 7/1/2005. During consideration of the petitions in relation to these products both the International Trade Commission and CITA determined that there are no U.S. producers of the types of yarns in question. Consequently, the Executive Branch of the government has done a full-scale analysis of this issue, including offering interested parties an opportunity to submit comments. Moreover, the fact that each of these items currently enjoys a temporary duty indicates that they have undergone the constraints necessary for inclusion in the miscellaneous tariff bill process.

Since it has been determined that there are no U.S. producers of these yarns, the current tariff is not protecting anyone and a reduction of the tariff could help us grow a market in the United States for the fabric by slightly reducing the production cost of the fabric. The ITC has also determined that these yarns do not compete with other lesser-valued yarns, or finished fabrics, currently produced in the U.S. As a result, there is no concern that these yarns are directly substitutable for other products.

All the yarns included are highly priced specialty yarns and the current tariff is charged on a percentage basis, which exponentially increases the tariff paid on higher priced items. Even with the duty suspension, the yarn cost would still far outweigh the cost of other yarns making any pricing reduction irrelevant when comparing to other types of fabrics available for apparel.

New Temporary Duty Submissions

HR 2462 – Certain Camel Hair Processed beyond Degreasing

HR 2463 – Waste of camel Hair

HR 2464 – Camel Hair Carded or Combed

HR 2465 – Woven Fabric of 85% or more by weight of Vicuna

HR 2466 -- Certain Camel Hair not Processed beyond Degreasing

HR 2468 – Noils of Camel Hair

Camel hair fiber is not produced domestically. These exotic fibers are sourced from only a few regions in the world. The current tariff is not protecting anyone and a reduction of the tariff could help us. We have felt enormous pressure on selling prices due to imported fabric. The reduction of this tariff could help us retain a position in the U.S. market by slightly reducing the cost of the fabric.

We also support the temporary duty reduction on Vicuna Fabric. Vicuna is an exotic fiber found only in South America . It is also one of the most valuable fibers in the world. Warren Corporation's Parent Company, Loro Piana, has worked closely with the Peruvian government to help repopulate the vicuna, which had previously been identified as an endangered species. In 1987, realizing the economic potential that would result from trading in vicuña fiber, yarn and fabric, the Peruvian government appealed to CITES for permission to trade in vicuña fabric obtained from the fiber of the animals. Once permission was granted, the government announced an international contest whose goal was to seek a partner in the marketing and preservation of the vicuna. In 1994, Loro Piana was awarded the inestimable honor of presiding over a consortium formed to foster this project. The success of the consortium has resulted in a recent decision by the U.S. government to allow the importation of these products. This fabric is not produced domestically and so the customs duties are not protecting any domestic industry. The current tariff is charged on a percentage basis, which exponentially increases the tariff paid on this, one of the highest priced fabrics on the market. Even with the duty suspension, the fabric cost would still far outweigh the cost of other fabrics making any pricing reduction irrelevant when comparing to other types of fabrics available for apparel. The uniqueness of vicuna fabric remains, and is something Warren Corporation takes pride in bringing to the market.

Each of these bills are designed to allow duty free importation for items that deal with exotic fibers that are simply not indigenous to the U.S. Consequently, the passage of these temporary duty suspensions will help reduce our cost and stabilize the 200 U.S. production workers that we maintain.

Sincerely,

Lisa Cornish
V.P. Finance & Administration
Warren Corporation

National Textile Association (in support of legislation)

From: David Trumbull [mailto:dtrumbull@nationaltextile.org]

Sent: Thu 9/15/2005 5:09 PM

To: Freund, Kimberlie; Robert.Carrigg@mail.doc.gov; donald_niewiaroski@ita.doc.gov

Cc: kspilhaus@nationaltextile.org; atantillo@amtacdc.org

Subject: NTA Comments on Duty Suspension Bills

1. Here are NTA positions on some of the bills in the MTB that touch textile interests.

HR 445 (marking of imported furniture) NTA supports.

HR 1115 (clarify tariff rate for mechanics gloves) No position at this time.

HR 1230 (tents) No position at this time.

HR 1534 (synthetic staple fibers) NTA supports.

HR 1535 (acrylic tow) NTA supports.

HR 1854 (wool packs) No position at this time.

HR 1945 (shirting) NTA opposes bill as currently drafted.

HR 1978 and 1979 (acrylic tow) NTA supports.

HR 2096 (rayon yarn) NTA supports.

HR 2175 (rayon fibers) NTA supports.

HR 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468 (various bills regarding fine animal hair) NTA supports.

HR 2573 (cuprammonium rayon yarn) NTA supports.

HR 2589 and 2560 (certain filament yarns) NTA supports.

HR 2591 (certain acrylic yarn) NTA supports.

HR 2845 (certain woven fabrics) No position at this time.

HR 3105 (certain aramid chopped fiber) No position at this time.

HR 3106 (certain nylon fabric) No position at this time.

HR 3114 (flags) No position at this time.

HR 3416 (to strip CITA of foreign affairs exemption) NTA opposes.

NOTE, that the ones marked "No position at this time" will require further research in order for us to take a position; we are currently looking at those bills and expect to take a position on at least some of them.

DAVID TRUMBULL

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109TH CONGRESS
1ST SESSION

H. R. 2467

To extend the temporary suspension of duty on fine animal hair of Kashmir
(cashmere) goats.

IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2005

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

A BILL

To extend the temporary suspension of duty on fine animal
hair of Kashmir (cashmere) goats.

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. FINE ANIMAL HAIR OF KASHMIR (CASHMERE)**

4 **GOATS.**

5 (a) IN GENERAL.—Heading 9902.15.16 of the Har-
6 monized Tariff Schedule of the United States (relating to
7 fine animal hair of Kashmir (cashmere) goats) is amended
8 by striking “12/31/2006” and inserting “12/31/2008”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) applies to goods entered, or withdrawn from

- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of enactment of this Act.

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