

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON WAYS AND MEANS OF THE UNITED STATES  
HOUSE OF REPRESENTATIVES ON PROPOSED TARIFF LEGISLATION <sup>1</sup>

[**Date approved:** November 23, 1999 ]<sup>2</sup>

**Bill No.:** H.R. 2715; 106<sup>th</sup> Congress

Introduced by: Mr. CRANE (for himself and Mr. RANGEL)

Similar and/or related<sup>3</sup> bills: None.

Summary of the bill:<sup>4</sup>

The bill would amend the HTS to create a permanent tariff provision that is intended to provide a general rate of duty<sup>5</sup> and column 2 rate of free, while eliminating other taxes and fees, applicable to the personal effects of participants entering the United States to participate in international athletic events, and to items used in connection with such events. The existing duty suspension provision in chapter 99 would not be repealed but would cease to be effective as of the date of enactment.

Effective: on or after the date of the enactment of this Act.

Through: n/a

Retroactive effect: None.

*[The remainder of this memorandum is organized in five parts: (1) information about the bill's proponent(s) and the product which is the subject of this bill; (2) information about the bill's revenue effect; (3) contacts by Commission staff during preparation of this memorandum; (4) information about the domestic industry (if any); and (5) technical comments.]*

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<sup>1</sup> International trade analyst: Josephine Spalding (202-205-3498); attorney: Jan Summers (202-205-2605).

<sup>2</sup> 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).

<sup>3</sup> "Similar bills" are bills in the other House, in the current Congress, which address, at least in part, the substance of this bill. "Related bills" are bills in the **same** House, in the current Congress, but which are either earlier (or later) in time than the bill which is the subject of this memorandum.

<sup>4</sup> The product nomenclature is as set forth in the bill. See technical comments for differences in recommended nomenclature.

<sup>5</sup> See appendix A for definitions of tariff and trade agreement terms.

**The proponent firm/organization(s)**

Representatives Crane and Rangel introduced this permanent provision to replace a previously established temporary provision that provides for the duty-free entry of the personal effects of participants in, coaches, and members of delegations to specified international sporting events held in the United States, of such goods imported by their families and servants, and of items used in connection with such events imported by any of the foregoing persons or the organizing committee of such events (but not goods imported by commercial enterprises or other persons). The permanent duty suspension would apply to all international sporting events designated by the Secretary of the Treasury, for the time periods the Secretary would designate.

**The imported product**

Physical description of the imported product:

The proposed legislation would create a permanent tariff provision similar to previously established temporary provisions that have granted duty-free entry to articles brought to the United States for use during the 1994 FIFA World Cup Soccer Games<sup>6</sup> and the 1998 Goodwill Games,<sup>7</sup> as well as the Olympic Games and similar sporting events. As with the previous temporary provisions, the Secretary of the Treasury allows for the personal effects, equipment used in connection with the athletic events, and cultural exhibitions of participating countries, to enter free of duty if imported by or on behalf of participants in, officials of, and accredited members of delegations to, such events and their immediate family members, and servants. Included in the scope of the new heading would be uniforms, timing devices, sport and training equipment, or other goods entered for the teams.

Most goods imported under this proposed legislation would likely be processed using informal customs entries,<sup>8</sup> thereby facilitating customs clearance procedures. A temporary importation bond for the amount of the duties otherwise applicable would not be required if informal entry is allowed.<sup>9</sup> This procedure avoids the need to obtain a bond and then wait for a bond release following proof that the goods qualified for duty-free entry into the United States. Such streamlined customs procedures were also made available to participants in the 1932 Olympics held in the United States, by way of a joint resolution of Congress,<sup>10</sup> and subsequently for Games in 1980, 1984, 1996, and 1998.

Country of origin of the imported product: Any/all.

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<sup>6</sup> HTS heading 9902.98.04.

<sup>7</sup> HTS heading 9902.98.05.

<sup>8</sup> Authorized under 19 U.S.C. 1498(a)(7).

<sup>9</sup> A general term entry bond might be required, which could be provided by a licensed customs broker; however, various Customs officials have indicated that the specified goods might be admitted without any bond or entry upon a showing that the persons importing them qualified under the terms of the new heading.

<sup>10</sup> 47 Stat. 1.

– EFFECT ON CUSTOMS REVENUE –

*[Note: This section is divided in two parts. The first part addresses the effect on customs revenue based on the duty rate for the HTS number(s) set out in the bill. The second part addresses the effect on customs revenue based on the duty rate for the HTS number recommended by the Commission (where a different number has been recommended). Five year estimates are given for permanent amendments to the HTS. If the indicated duty rate is subject to “staging” during the five-year period, the rate for each period will be stated separately.]*

**HTS Number in the Bill**

Estimated value of **dutiable** imports:

No data are available on trade in or U.S. consumption of the many goods potentially covered by this bill. It is not possible to identify specifically the domestic industries or sectors producing the broad range of goods potentially covered by this bill.

HTS (8-digit) No. used in the bill: 9817.60.00

General rate of duty<sup>11</sup> (AVE) currently in effect for this HTS No.:

The temporary duty suspension provided under HTS subheading 9902.98.08 allows duty-free entry of the personal effects of participants in, or accredited members of delegations to, the 1999 Women’s World Cup Soccer, the 1991 and 2001 International Special Olympics, 2002 Salt Lake City Winter Olympics, and the 2002 Winter Paralympic Games, as well as sporting equipment, cultural exhibitions, and other items used in connection with these events. The duty suspension also applies to the immediate families and servants of participants and delegation members. Temporary HTS provision 9902.98.08 would be terminated with the passage of this bill.

Calculated customs revenue loss (based on rate for the HTS number in the bill):

Enacting this permanent measure is not likely to reduce customs revenues significantly. Without this legislation, many of the subject goods would probably be entered under existing temporary legislation or informally and without bond; if part of the baggage of the participants, the goods would be admitted free of duty under personal exemptions. Other goods, such as equipment destined for subsequent export, would likely enter temporarily free of duty under bond (so that the bill would accord only the benefit of qualification for informal entry). Also, many educational and cultural articles already enter free of duty under various international agreements, so that no revenue loss would result from their inclusion in the heading. The bill might also reduce administrative costs for Customs, compensating for duty revenues foregone.

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<sup>11</sup> See appendix B for column 1-special and column 2 duty rates.

**HTS Number Recommended by the Commission<sup>12</sup>**

Estimated value of dutiable imports: n/a

HTS (8-digit) No. recommended by the Commission (where different): None.

General rate of duty<sup>13</sup> (AVE) currently in effect for this HTS No.: n/a

Calculated customs revenue loss (based on rate for the Commission’s HTS number): n/a

– CONTACTS WITH OTHER FIRMS/ORGANIZATIONS –

The Commission did not contact U.S. producers, foreign producers, or importers because of the wide variety of goods that would be covered by this bill. Similar measures enacted for prior international athletic events have not given rise to domestic opposition, at least in part because other countries routinely afford similar treatment to U.S. nationals attending events there.<sup>14</sup>

– THE DOMESTIC INDUSTRY –

*[Note: This section is divided in two parts. The first part lists written submissions received by the Commission which assert that **the imported product itself** is produced in the United States and freely offered for sale under standard commercial terms. The second part lists written submissions received by the Commission which assert that (1) the imported product will be produced in the United States in the future; or (2) another product which **may compete** with the imported product is (or will be) produced in the United States and freely offered for sale under standard commercial terms. All submissions received by the Commission prior to approval of this report will be included in appendix D. The Commission cannot, in the context of this memorandum, make any statement concerning the validity of these claims.]*

**Statements concerning current U.S. production**

<u>Name of Product</u>	<u>Name of Firm</u>	<u>Location of U.S. Production Facility</u>	<u>Date Received</u>
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**Statements concerning “future” or “competitive” U.S. production**

<u>Name of Product</u>	<u>Name of Firm</u>	<u>Location of U.S. Production Facility</u>	<u>Date Received</u>
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<sup>12</sup> If a different HTS number is recommended, see technical comments.

<sup>13</sup> See appendix B for column 1-special and column 2 duty rates.

<sup>14</sup> Written responses received prior to approval of this report by the Commission, if any, will be included in appendix D.

– TECHNICAL COMMENTS –

Recommended changes to the nomenclature in the bill: None.

Recommended changes to any C.A.S. numbers in the bill (if given): None.

Recommended changes to any Color Index names in the bill (if given): None.

Basis for recommended changes to the HTS number used in the bill<sup>15</sup>: n/a

Other technical comments (if any):

It is suggested that Customs be consulted to see if the effective termination of the existing temporary duty suspension would cause any administrative difficulties. It is presumed that no problems would arise, because such events are relatively infrequent, but because of the Secretary's authority to issue regulations concerning administration we defer to Customs on this point.

The column immediately to the right of the article description in the proposed bill should be eliminated (it apparently represents the statistical units of quantity column, not part of the legal text of the HTS), and a blank "special" rates of duty column should be inserted between the existing two duty rate columns in the bill. Special rates are not stated where the general duty rate is "free."

Last, if the present temporary measure is to become inoperative, we suggest deleting it from the HTS on a stated date (upon enactment, if that is agreeable to Customs). Leaving it in the schedule will promote confusion and misreporting.

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<sup>15</sup> The Commission may express an opinion concerning the HTS classification of a product to facilitate the Committee's consideration of the bill, but the Commission also notes that, by law, the U.S. Customs Service is the only agency authorized to issue a binding ruling on this question. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

## APPENDIX A

### TARIFF AND TRADE AGREEMENT TERMS

In the **Harmonized Tariff Schedule of the United States** (HTS), chapters 1 through 97 cover all goods in trade and incorporate in the tariff nomenclature the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description. Subordinate 8-digit product subdivisions, either enacted by Congress or proclaimed by the President, allow more narrowly applicable duty rates; 10-digit administrative statistical reporting numbers provide data of national interest. Chapters 98 and 99 contain special U.S. classifications and temporary rate provisions, respectively. The HTS replaced the **Tariff Schedules of the United States** (TSUS) effective January 1, 1989.

Duty rates in the **general** subcolumn of HTS column 1 are most-favored-nation (now referred to as normal trade relations) rates, many of which have been eliminated or are being reduced as concessions resulting from the Uruguay Round of Multilateral Trade Negotiations. Column 1-general duty rates apply to all countries except those listed in HTS general note 3(b) (Afghanistan, Cuba, Laos, North Korea, and Vietnam), which are subject to the statutory rates set forth in **column 2**. Specified goods from designated general-rate countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the **special** subcolumn of HTS rate of duty column 1 or in the general notes. If eligibility for special tariff rates is not claimed or established, goods are dutiable at column 1-general rates. The HTS does not enumerate those countries as to which a total or partial embargo has been declared.

The **Generalized System of Preferences** (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 for 10 years and extended several times thereafter, applies to merchandise imported on or after January 1, 1976 and before the close of June 30, 1999. Indicated by the symbol "A", "A\*", or "A+" in the special subcolumn, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 4 to the HTS.

The **Caribbean Basin Economic Recovery Act** (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984. Indicated by the symbol "E" or "E\*" in the special subcolumn, the CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries, as set forth in general note 7 to the HTS.

Free rates of duty in the special subcolumn followed by the symbol "IL" are applicable to products of Israel under the **United States-Israel Free Trade Area Implementation Act** of 1985 (IFTA), as provided in general note 8 to the HTS.

Preferential nonreciprocal duty-free or reduced-duty treatment in the special subcolumn followed by the symbol "J" or "J\*" in parentheses is afforded to eligible articles the product of designated beneficiary countries under the **Andean Trade Preference Act** (ATPA), enacted as title II of Public Law 102-182 and implemented by Presidential Proclamation 6455 of July 2, 1992 (effective July 22, 1992), as set forth in general note 11 to the HTS.

Preferential free rates of duty in the special subcolumn followed by the symbol "CA" are applicable to eligible goods of Canada, and rates followed by the symbol "MX" are applicable to eligible goods of Mexico, under the **North American Free Trade Agreement**, as provided in general note 12 to the HTS and implemented effective January 1, 1994 by Presidential Proclamation 6641 of December 15, 1993. Goods must originate in the NAFTA region under rules set forth in general note 12(t) and meet other requirements of the note and applicable regulations.

Other special tariff treatment applies to particular **products of insular possessions** (general note 3(a)(iv)), **products of the West Bank and Gaza Strip** (general note 3(a)(v)), goods covered by the **Automotive Products Trade Act (APTA)** (general note 5) and the **Agreement on Trade in Civil Aircraft (ATCA)** (general note 6), **articles imported from freely associated states** (general note 10), **pharmaceutical products** (general note 13), and **intermediate chemicals for dyes** (general note 14).

The **General Agreement on Tariffs and Trade 1994** (GATT 1994), pursuant to the Agreement Establishing the World Trade Organization, is based upon the earlier GATT 1947 (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) as the primary multilateral system of disciplines and principles governing international trade. Signatories' obligations under both the 1994 and 1947 agreements focus upon most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, dispute settlement, and other measures. The results of the Uruguay Round of multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX. Pursuant to the **Agreement on Textiles and Clothing (ATC)** of the GATT 1994, member countries are phasing out restrictions on imports under the prior "Arrangement Regarding International Trade in Textiles" (known as the **Multifiber Arrangement (MFA)**). Under the MFA, which was a departure from GATT 1947 provisions, importing and exporting countries negotiated bilateral agreements limiting textile and apparel shipments, and importing countries could take unilateral action in the absence or violation of an agreement. Quantitative limits had been established on imported textiles and apparel of cotton, other vegetable fibers, wool, man-made fibers or silk blends in an effort to prevent or limit market disruption in the importing countries. The ATC establishes notification and safeguard procedures, along with other rules concerning the customs treatment of textile and apparel shipments, and calls for the eventual complete integration of this sector into the GATT 1994 over a ten-year period, or by Jan. 1, 2005.

Rev. 10/26/98

**APPENDIX B**

**SELECTED PORTIONS OF THE  
HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES**

*[Note: Appendix may not be included in the electronic version of this memorandum.]*

## **APPENDIX C**

### **STATEMENTS SUBMITTED BY THE PROPONENTS**

*[Note: Appendix C may not be included in the electronic version of this memorandum posted on the Commission's web site if an electronic copy of the statement was not received by the Commission.]*

## **APPENDIX D**

### **STATEMENTS SUBMITTED BY OTHER FIRMS/ORGANIZATIONS**

*[Note: Appendix D may not be included in the electronic version of this memorandum posted on the Commission's web site if an electronic copy of the statement was not received by the Commission.]*

106TH CONGRESS  
1ST SESSION

# H. R. 2715

To amend the Harmonized Tariff Schedule of the United States to provide for duty-free treatment of personal effects of participants entering the United States to participate in international athletic events, and items used in connection with such events.

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## IN THE HOUSE OF REPRESENTATIVES

AUGUST 5, 1999

Mr. CRANE (for himself and Mr. RANGEL) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Harmonized Tariff Schedule of the United States to provide for duty-free treatment of personal effects of participants entering the United States to participate in international athletic events, and items used in connection with such events.

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. TREATMENT OF PERSONAL EFFECTS OF PAR-**  
4 **TICIPANTS IN INTERNATIONAL ATHLETIC**  
5 **EVENTS.**

6 (a) IN GENERAL.—Subchapter XVII of chapter 98  
7 of the Harmonized Tariff Schedule of the United States

1 is amended by inserting in numerical sequence the fol-  
 2 lowing new heading:

“	9817.60.00	Any of the following articles not intended for sale or distribution to the public: personal effects of aliens who are participants in, officials of, or accredited members of delegations to, an international athletic event held in the United States, such as the Olympics, the Goodwill Games, the Special Olympics World Games, the World Cup Soccer Games, or any similar international athletic event as the Secretary of the Treasury may determine, and of persons who are immediate family members of or servants to any of the foregoing persons; equipment and materials imported in connection with any such foregoing event by or on behalf of the foregoing persons or the organizing committee of such an event, articles to be used in exhibitions depicting the culture of a country participating in such an event; and, if consistent with the foregoing, such other articles as the Secretary of the Treasury may allow .....	.....	Free	Free	”.
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3 (b) TAXES, FEES, INSPECTION.—The U.S. Notes to  
 4 chapter XVII of chapter 98 of the Harmonized Tariff  
 5 Schedule of the United States is amended by adding at  
 6 the end the following new note:

7 “6. Any article exempt from duty under heading  
 8 9817.60.00 shall be free of taxes and fees that may  
 9 otherwise be applicable, but shall not be free or other-  
 10 wise exempt or excluded from routine or other inspec-  
 11 tions as may be required by the Customs Service.”

12 (b) EFFECTIVE DATE.—The amendments made by  
 13 this section apply to goods entered, or withdrawn from  
 14 warehouse for consumption, on or after the date of the  
 15 enactment of this Act.

1           (c) TERMINATION OF TEMPORARY PROVISIONS.—  
2 Heading 9902.98.08 of the Harmonized Tariff Schedule  
3 of the United States shall, notwithstanding any provision  
4 of such heading, cease to be effective on the date of the  
5 enactment of this Act.

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