

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON FINANCE OF THE UNITED STATES
SENATE ON PROPOSED TARIFF LEGISLATION ¹

[Date approved: July 5, 2001]²

Bill No.: S. 542; 107th Congress

Introduced by: Mr. DODD³

Similar and/or related⁴ bills: H.R. 929; 107th Congress

Summary of the bill:⁵

The bill would amend the Harmonized Tariff Schedule of the United States⁶ to provide separate subheadings for hair clippers used for farm animals and parts of such clippers.

Effective: The 15th day after the date of enactment.

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.]

¹ International trade analyst: (202-205-3403; Ruben Mata); attorney: 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 Bill report introduced in Senate of the United States on Mar. 15, 2001, "see appendix C".

⁴ "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.

⁵ The product nomenclature is as set forth in the bill. See technical comments for suggested changes (if any).

⁶ See appendix A for definitions of tariff and trade agreement terms.

– THE PROPONENT AND THE IMPORTED PRODUCT –

The proponent firm/organization(s)			
Name of firm	Location contacted (city/state)	Date contacted	Response received? (Yes/No) ⁷
Norelco	Stamford, CT	5/4/01	N

*Does the proponent plan **any** further processing or handling⁸ of the subject product after importation to its facilities in the United States (Y/N):* No further processing or handling is anticipated

If “Yes,” provide location of this facility if different from above (city/state):

If “No,” provide location of proponent’s headquarters or other principal facility if different from above (city/state): n/a

The imported product	
Description and uses	Country(s) of origin
There are a few differences between electrically-powered hair clippers used on animals and humans. Steel blades used in hair clippers for animals typically have a cutting surface of more than 1.5 inches in width, while clippers for humans usually have steel blades with a cutting surface of less than 1.5 inches in width. Animal hair clippers make use of a direct drive motor allowing for higher power, while hair clippers for humans use a less expensive magnetic gear-driven motor. There are essentially no differences between hair clippers for “animals on the farm” and those for other animals, though clippers designed for use on small pets might have a narrower cutting surface than those designed for use on large mammals.	Austria


⁷ Non-confidential written responses received prior to approval of this report by the Commission, if any, will be included in appendix C.

⁸ The phrase “further processing or handling” can include repackaging, storage or warehousing for resale, etc.

– EFFECT ON CUSTOMS REVENUE –

[*Note: This section is divided in two parts. The first table addresses the effect on customs revenue based on the duty rate for the HTS number set out in the bill. The second table addresses the effect on customs revenue based on the duty rate for the HTS number recommended by the Commission (if a different number has been recommended). Five-year estimates are given based on Congressional Budget Office “scoring” guidelines. If the indicated duty rate is subject to “staging” during the duty suspension period, the rate for each period is stated separately.*]

This bill would not alter the rates of duty applicable to electric hair clippers or parts of these clippers but would merely provide separate rate lines for the goods in question. The rates of duty would remain the same, at 4 percent ad valorem, whether the clippers are for farm animals, or for other animals such as pets or zoo animals, or for humans. The general duty rates are not scheduled for reductions under Schedule XX, following the Uruguay Round of multilateral trade negotiations. A representative of Norelco⁹ indicated that the intent of the bill is to exempt hair clippers for animals from a possible increase in the applicable rate of duty to 100 percent. This increase could occur because HTS subheading 8510.20.00, covering hair clippers with self-contained electric motors, is currently on USTR’s “List of Products under Consideration for the Imposition of increased Duties” should the European Union continue in its failure to comply with the WTO decision in the *EC-Beef Hormones* case. Any increased duties on U.S. imports of hair clippers from the EU under the Carousel amendment of the Trade and Development Act of 2000 likely would be on a temporary basis whereas implementation of this bill would have no effect on customs revenues. Existing HTS subheading 8510.90.30, for parts of hair clippers, is not on the USTR list and would not be the subject of retaliatory tariffs.

HTS number used in the bill: 8510.20.10¹⁰					
	2002	2003	2004	2005	2006
General rate of duty ¹¹ (AVE) ¹²	4%	4%	4%	4%	4%
Estimated value <i>dutiable</i> imports	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Customs revenue loss	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

⁹ Staff telephone discussion on May 9, 2001 with Norelco’s representative that indicated the company intends to begin importing animal clippers from its subsidiary in Austria.

¹⁰ The HTS number is as set forth in the bill. See technical comments for suggested changes (if any).

¹¹ See appendix B for column 1-special and column 2 duty rates.

¹² AVE is ad valorem equivalent expressed as percent. Staged rates may be found at: <http://dataweb.usitc.gov>

HTS number used in the bill: 8510.90.30¹³					
	2002	2003	2004	2005	2006
General rate of duty ¹⁴ (AVE) ¹⁵	4%	4%	4%	4%	4%
Estimated value <i>dutiable</i> imports	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Customs revenue loss	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

HTS number recommended by the Commission: n/a¹⁶					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Estimated value <i>dutiable</i> imports	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Customs revenue loss	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

– CONTACTS WITH OTHER FIRMS/ORGANIZATIONS –

Contacts with firms or organizations <i>other than</i> the proponents			
Name of firm	Location contacted (city/state)	Date contacted	Response received? (Yes/No) ¹⁷
Helen of Troy	El Paso, TX	5/7/01	N
Wahl	Sterling, IL	5/7/01	N
Andis	Racine, WI	5/7/01	N
Sunbeam	Boca Raton, FL	5/7/01	N

¹³ The HTS number is as set forth in the bill. See technical comments for suggested changes (if any).

¹⁴ See appendix B for column 1-special and column 2 duty rates.

¹⁵ AVE is ad valorem equivalent expressed as percent. Staged rates may be found at: <http://dataweb.usitc.gov>

¹⁶ If a different HTS number is recommended, see technical comments.

¹⁷ Non-confidential written responses received prior to approval of this report by the Commission, if any, will be included in appendix D. Only statements submitted in connection with **this** bill will be included in the appendix.

– THE DOMESTIC INDUSTRY –

*[Note: This section is divided in two parts. The first part lists non-confidential 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 non-confidential written submissions received by the Commission which assert either 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 in connection with this bill prior to approval of the 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.]*

No written submissions were received from the proponent of the bill or from other firms/organizations.

Statements concerning current U.S. production			
Name of product	Name of firm	Location of U.S. production facility	Date received
None.			

Statements concerning “future” or “competitive” U.S. production			
Name of product	Name of firm	Location of U.S. production facility	Date received
None.			

– TECHNICAL COMMENTS –

*[The Commission notes that references to HTS numbers in temporary duty suspensions (i.e., proposed amendments to subchapter II of chapter 99 of the HTS) should be limited to **eight** digits. Ten-digit numbers are established by the Committee for Statistical Annotation of Tariff Schedules pursuant to 19 U.S.C. 1484(f) and are not generally referenced in statutory enactments.]*

Recommended changes to the nomenclature in the bill:

The article descriptions shown in the table for new subheadings 8510.90.30 and 8510.90.40 should appear in the printed text indented to the right of the level of the new superior text immediately above them, to avoid confusion. The narrative immediately above these new provisions should be amended to provide that the article descriptions of these new subheadings shall appear at the same level of indentation as the description in subheading 8510.90.20.

The proposed distinction mandated by the bill would likely present administrative and compliance difficulties, given that there is no definition of what comprises farm animals. Moreover, it is not clear how Customs would distinguish hair clippers and their parts intended for animals on the farm from hair

clippers and parts for other animals (such as hair clippers for use in pet grooming establishments). This problem could be avoided by deleting “for use on the farm” from the proposed article descriptions for HTS subheadings 8510.20.10 and 8510.90.30 and grouping all hair clippers for animals in the same provision. We would note also that the new provisions are “actual use” categories requiring Customs verification of the use of the goods within three years of the date of entry; such provisions do present costs and burdens to both Customs and importers. Changing the language to “hair clippers designed for use on animals” should alleviate these problems.

Recommended changes to any CAS 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:*¹⁸

n/a

Other technical comments (if any):

A different subheading number, rather than 8510.90.30, should be used for the proposed new HTS subheading on parts of hair clippers for farm animals, because this number is currently in use for the broader “parts of hair clippers.” It is suggested that 8510.90.35 could be used.

Because it is likely that Norelco’s sister subsidiary (of Philips) would be the only producer in Austria to export hair clippers for animals to the United States, publication of official import statistics resulting from enactment of this legislation would reveal the individual operations of that subsidiary and would probably not be permitted under Census rules on this subject. Confidentiality and disclosure issues are likely to arise due to the specific nature and narrow scope of the proposed legislation.

We note that in 2000, U.S. imports of “hair clippers, with a self-contained electric motor” totaled \$98.7 million, an increase of 3 percent over 1999. Imports of parts of hair clippers were \$3.5 million in 2000.

Last, it should be observed that the provision of a separate tariff rate line derived from the one covered by the USTR notice of possible increased duties would not seem likely to result in an automatic or even necessary exemption from the increased duties, and that a request for an exemption can generally be directed to USTR in instances where there is an announced set of HTS subheadings facing such treatment.

APPENDIX A

TARIFF AND TRADE AGREEMENT TERMS

¹⁸ 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.

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 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) plus Serbia and Montenegro, 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 September 30, 2001. 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. 1/4/00

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.]

107TH CONGRESS
1ST SESSION

S. 542

To amend the Harmonized Tariff Schedule of the United States to provide separate subheadings for hair clippers used for animals.

IN THE SENATE OF THE UNITED STATES

MARCH 15, 2001

Mr. DODD introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Harmonized Tariff Schedule of the United States to provide separate subheadings for hair clippers used for animals.

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. HAIR CLIPPERS.**

4 (a) IN GENERAL.—Heading 8510 of chapter 85 of
5 the Harmonized Tariff Schedule of the United States is
6 amended—

7 (1) by striking subheading 8510.20.00 and in-
8 serting the following, with the article description for
9 subheading 8510.20 having the same degree of in-
10 dentation as the article description for subheading

1 8510.10.00, and with the article descriptions for
 2 subheadings 8510.20.10 and 8510.20.90 having the
 3 same degree of indentation as the article description
 4 for subheading 8510.90.55:

“

8510.20	Hair clippers: Hair clippers for animals for use on the farm	4%	Free (A,CA,E, IL,J,MX)	45%	”;
8510.20.10					
8510.20.90	Other	4%	Free (A,CA,E, IL,J,MX)	45%	

5 and

6 (2) by striking subheading 8510.90.30 and in-
 7 serting the following subheadings and superior text
 8 thereto, with such superior text having the same de-
 9 gree of indentation as the article description for sub-
 10 heading 8510.90.55:

“

8510.90.30	Parts of hair clippers: For animals for use on the farm	4%	Free (A,CA,E, IL,J,MX)	45%	”.
8510.90.40					
	Other	4%	Free (A,CA,E, IL,J,MX)	45%	

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

