

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON FINANCE OF THE UNITED STATES  
SENATE ON PROPOSED TARIFF LEGISLATION <sup>1</sup>

[**Date approved:** March 8, 2002]<sup>2</sup>

**Bill No.:** S. 1671; 107<sup>th</sup> Congress

Introduced by: Mr. BAUCUS et al.<sup>3</sup>

Similar and/or related<sup>4</sup> bills: None.

Summary of the bill:<sup>5</sup>

The bill would amend the Trade Act of 1974 to authorize the President to proclaim duty-free entry under the Generalized System of Preferences (GSP)<sup>6</sup> for enumerated hand-knotted, hand-woven or hand-hooked carpets and leather gloves, provided that the relevant statutory criteria for GSP are met.

Effective: On or 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.]*

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<sup>1</sup> International trade analyst: Laura V. Rodriguez (202-205-3499); 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> No statement was made concerning this bill other than its introduction. See Appendix C for a copy of the bill's introduction.

<sup>4</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>5</sup> The product nomenclature is as set forth in the bill. See technical comments for suggested changes (if any).

<sup>6</sup> 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) <sup>7</sup>

*Does the proponent plan **any** further processing or handling<sup>8</sup> of the subject product after importation to its facilities in the United States (Y/N):* Not applicable.

The imported product	
Description and uses	Country(s) of origin
<p>Leather gloves: The gloves covered by HTS subheading 4203.29 are produced from horsehide or cowhide (except calfskin) leather. Production of these gloves is highly labor intensive and, according to glove producers, requires extensive training. The production process can be divided into four broad stages: 1) the leather is cut into individual glove parts using hand-operated cutting presses; 2) sewing machine operators stitch the glove pieces together, requiring from 6 to 20 operations, depending on the style or type of glove; 3) the gloves are turned right side in and are formed or shaped on hot irons or steam presses; and 4) the gloves are inspected, tagged, bagged, and packaged.</p> <p>The leather gloves entering under HTS subheading 4203.29 may be either work gloves or dress gloves. According to some manufacturers, leather gloves imported from Pakistan and other foreign suppliers tend to be lower quality, less expensive goods, while U.S. producers typically produce more of the higher value or specialty gloves.</p>	<p>Pakistan Philippines India Indonesia Hungary Costa Rica Bangladesh Thailand</p>

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

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

<b>The imported product</b>	
Description and uses	Country(s) of origin

**The imported product**

Carpets: The hand-made carpets covered by the bill are hand-woven, hand-knotted, and hand-tufted carpets, but not those imported as “certified hand-loomed and folklore products.” The hand-knotted carpets are provided for in HTS heading 5701 and are already scheduled for a general duty rate of free starting on January 1, 2004. In making such a carpet, the pile (i.e., the face or surface yarn, as opposed to the backing yarn) is hand-inserted and hand-knotted during weaving or knitting, or the tufts are inserted and knotted by hand or by means of a hand tool (so that such a rug is referred to as hand-hooked). Most hand-knotted carpets are made to size (typically in the form of carpet squares, bedside rugs, or hearth rugs) ready for use, with different colored pile yarns forming a pattern.

The subject hand-woven carpets of HTS heading 5702 may be made of wool, of fine animal hair or of man-made fibers, and fall into two product groups. HTS subheading 5702.10 includes “Kelem”, “Schumacks”, “Karamanie,” and similarly hand-woven rugs. These carpets, which will become free of duty on January 1, 2004, are made by stretching warp yarn on a weaving loom and interlacing weft yarns of different colors to cover the warp, produce the designs, and also form the woven fabric. The other hand-woven carpets of HTS heading 5702 are also not made on a power-driven loom, whether or not they are of pile construction or are made up. General duty rates for two of these provisions (HTS headings 5702.42.20 and 5702.49.10) will become free starting on January 1, 2004.

The hand-tufted carpets of HTS heading 5703 are produced by hand-hooking, that is, a process in which the tufts are inserted by hand or by means of a hand tool. The textile yarn is manually punched into a pre-existing backing (usually a woven or nonwoven fabric), thus producing loops or, if the needles and hooks are combined with a cutting device, tufts.

India  
Pakistan  
Turkey  
Nepal  
Thailand

<b>HTS number used in the bill: 4203.29.05 <sup>9</sup></b>					
	2002	2003	2004	2005	2006
General rate of duty <sup>10</sup> (AVE) <sup>11</sup>	12.6%	12.6%	12.6%	12.6%	12.6%
Estimated value <i>dutiable</i> <sup>12</sup> imports	\$1,250,000	\$1,312,500	\$1,380,000	\$1,500,000	\$1,520,000
Customs revenue loss	157,5000	165,375	173,800	189,000	191,520

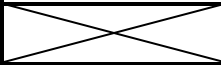
<b>HTS number used in the bill: 4203.29.08</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	14%	14%	14%	14%	14%
Estimated value <i>dutiable</i> imports	\$4,510,000	\$4,830,000	\$5,160,000	\$5,530,000	\$5,910,000
Customs revenue loss	631,400	676,200	722,400	774,200	827,400


<sup>9</sup> The HTS number is as set forth in the bill. See technical comments for suggested changes (if any).

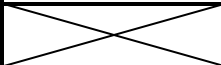
<sup>10</sup> See appendix B for column 1-special and column 2 duty rates.

<sup>11</sup> AVE is ad valorem equivalent expressed as percent. Staged rates may be found at: <http://dataweb.usitc.gov>.

<sup>12</sup> The estimated value of dutiable imports is based on shipments only from GSP-eligible countries.

<b>HTS number used in the bill: 4203.29.15</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	14%	14%	14%	14%	14%
Estimated value <i>dutiable</i> imports	\$2,170,000	\$2,280,500	\$2,400,400	\$2,510,000	\$2,640,650
Customs revenue loss	303,800	319,270	336,056	351,400	369,691


<b>HTS number used in the bill: 4203.29.18</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	14%	14%	14%	14%	14%
Estimated value <i>dutiable</i> imports	\$3,610,000	\$3,940,000	\$4,290,000	\$4,680,000	\$5,100,000
Customs revenue loss	505,400	551,600	600,600	655,200	714,000

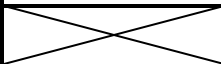
<b>HTS number used in the bill: 4203.29.20</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	12.6%	12.6%	12.6%	12.6%	12.6%
Estimated value <i>dutiable</i> imports	\$270,000	\$380,000	\$520,000	\$740,000	\$1,000,000
Customs revenue loss	34,020	47,880	65,520	93,240	126,000

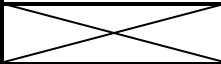
<b>HTS number used in the bill: 4202.29.30</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	14%	14%	14%	14%	14%
Estimated value <i>dutiable</i> imports	\$19,230,000	\$19,610,000	\$20,000,000	\$20,405,000	\$20,810,000
Customs revenue loss	2,692,200	2,745,400	2,800,000	2,856,700	2,913,400

<b>HTS number used in the bill: 4302.29.40</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	12.6%	12.6%	12.6%	12.6%	12.6%
Estimated value <i>dutiable</i> imports	\$2,400,000	\$3,000,000	\$3,750,000	\$4,680,000	\$5,850,000
Customs revenue loss	302,400	378,000	472,500	589,680	737,100


<b>HTS number used in the bill: 4203.29.50</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	12.6%	12.6%	12.6%	12.6%	12.6%
Estimated value <i>dutiable</i> imports	\$13,180,000	\$13,970,000	\$14,810,000	\$15,700,000	\$16,640,000
Customs revenue loss	1,660,680	1,760,220	1,866,060	1,978,200	2,096,640

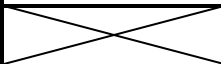
<b>HTS number used in the bill: 5701.10.16</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	0.8%	0.4%	0%	0%	0%
Estimated value <i>dutiable</i> imports	\$2,700,000	\$3,070,000	\$3,505,000	\$4,000,000	\$4,560,000
Customs revenue loss	21,600	12,280	0	0	0

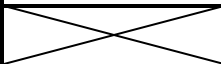
<b>HTS number used in the bill: 5701.10.40</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	1%	0.5%	0%	0%	0%
Estimated value <i>dutiable</i> imports	317,600,000	\$352,500,000	\$391,300,000	\$434,330,000	\$482,110,000
Customs revenue loss	3,176,000	1,762,500	0	0	0


<b>HTS number used in the bill: 5701.90.10</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	1%	0.5%	0%	0%	0%
Estimated value <i>dutiable</i> imports	\$10,250,000	\$10,560,000	\$10,880,000	\$11,200,000	\$11,540,000
Customs revenue loss	102,500	52,800	0	0	0

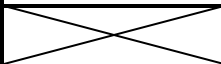


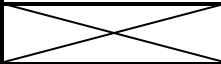
<b>HTS number used in the bill: 5701.90.20</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	1.3%	0.7%	0%	0%	0%
Estimated value <i>dutiable</i> imports	\$4,500,000	\$5,440,000	\$6,600,000	\$7,970,000	\$9,640,000
Customs revenue loss	58,500	38,080	0	0	0

<b>HTS number used in the bill: 5702.10.90</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	1%	0.5%	0%	0%	0%
Estimated value <i>dutiable</i> imports	\$18,070,000	\$19,150,000	\$20,300,000	\$21,520,000	\$22,810,000
Customs revenue loss	180,700	95,750	0	0	0

<b>HTS number used in the bill: 5702.42.20</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	1.6%	0.8%	0%	0%	0%
Estimated value <i>dutiable</i> imports	\$9,205,000	\$11,900,000	\$15,300,000	\$19,800,000	\$25,500,000
Customs revenue loss	147,280	95,200	0	0	0

<b>HTS number used in the bill: 5702.49.10</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	0.8%	0.4%	0%	0%	0%
Estimated value <i>dutiable</i> imports	\$13,240,000	\$13,640,000	\$14,050,000	\$14,500,000	\$14,900,000
Customs revenue loss	105,920	54,560	0	0	0

<b>HTS number used in the bill: 5702.51.20</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	4.4%	4.4%	4.3%	4.3%	4.3%
Estimated value <i>dutiable</i> imports	\$315,000	\$330,000	\$350,000	\$370,000	\$390,000
Customs revenue loss	13,860	14,520	15,050	15,910	16,770

<b>HTS number used in the bill: 5702.91.30</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	4.4%	4.4%	4.3%	4.3%	4.3%
Estimated value <i>dutiable</i> imports	\$4,900,000	\$4,690,000	\$4,460,000	\$4,230,000	\$4,020,000
Customs revenue loss	215,600	206,360	191,780	181,890	172,860

<b>HTS number used in the bill: 5702.92.00</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	3.2%	3%	2.7%	2.7%	2.7%
Estimated value <i>dutiable</i> imports	\$7,160,000	\$14,098,000	\$27,800,000	\$54,710,000	\$107,800,000
Customs revenue loss	229,120	422,940	750,600	1,477,170	2,910,600

<b>HTS number used in the bill: 5702.99.10</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	7%	6.9%	6.8%	6.8%	6.8%
Estimated value <i>dutiable</i> imports	\$23,800,00	\$21,620,000	\$19,680,000	\$17,902,000	\$16,300,000
Customs revenue loss	1,666,000	1,491,780	1,338,240	1,217,336	1,108,400

<b>HTS number used in the bill: 5703.10.00</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	6.2%	6.1%	6%	6%	6%
Estimated value <i>dutiable</i> imports	\$61,500,000	\$66,980,000	\$73,000,000	\$79,600,000	\$86,750,000
Customs revenue loss	3,813,000	4,085,780	4,380,000	4,776,000	5,205,000

<b>HTS number used in the bill: 5703.20.10</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	6%	5.9%	5.8%	5.8%	5.8%
Estimated value <i>dutiable</i> imports	\$60,000	\$57,000	\$55,000	\$53,000	\$51,000
Customs revenue loss	3,600	3,363	3,190	3,074	2,958

<b>HTS number used in the bill: 5703.30.00</b>					
	2002	2003	2004	2005	2006
General rate of duty (AVE)	6.3%	6.2%	6%	6%	6%
Estimated value <i>dutiable</i> imports	\$2,180,000	\$3,000,000	\$4,150,000	\$5,700,000	\$7,900,000
Customs revenue loss	137,340	186,000	249,000	342,000	474,000

– CONTACTS WITH OTHER FIRMS/ORGANIZATIONS –

<b>Contacts with firms or organizations <i>other than</i> the proponents</b>			
Name of firm	Location contacted (city/state)	Date contacted	Response received? (Yes/No) <sup>13</sup>
International Hand Protection Association	Brookville, PA	1/14/02	No
North Star Glove Company	Tacoma, WA	1/14/02	Yes
Hawkeye Glove Manufacturing Company	Fort Dodge, IA	1/14/02	Yes

<sup>13</sup> 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.

Contacts with firms or organizations <i>other than the proponents</i>			
Hercules Glove Manufacturing Company	Rochester, NY	1/14/02	Yes
The Fairfield Line Inc.	Fairfield, IA	1/17/02	Yes
American Glove Corporation	Amsterdam, NY	1/17/02	Yes
Shelby Specialty Gloves	Memphis, TN	1/17/02	Yes
Edina Manufacturing Company, Inc.	Edina, MO	1/17/02	Yes
Nationwide Glove Co.	Harrisburg, IL	1/17/02	No
Knoxville Glove	Knoxville, TN	1/17/02	No
Midwest Quality Gloves	Chillicothe, MO	1/17/02	No
Glove Corporation	Alexandria, IN	1/17/02	No
Carolina Glove Co.	Newton, NC	1/17/02	No
Guardline	Atlanta, TX	1/17/02	No
No. Carpet & Rug Institute	Dalton, GA	1/14/02	Yes

– 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.]*

Statements concerning current U.S. production			
Name of product	Name of firm	Location of U.S. production facility	Date received
Leather gloves	Edina Manufacturing Company, Inc.	Edina, MO	2/1/02

Statements concerning current U.S. production			
Leather gloves	North Star Glove Company	Tacoma, WA	2/6/02
Leather gloves	Hawkeye Glove Manufacturing Company	Fort Dodge, IA	1/15/02
Leather gloves	Hercules Glove Manufacturing Company	Rochester, NY	1/17/02
Leather gloves	North Star Glove Company	Tacoma, WA	2/6/02
Leather gloves	American Glove Corporation	Amsterdam, NY	2/4/02
Leather gloves	Shelby Specialty Gloves	Memphis, TN	2/5/02
Leather gloves	The Fairfield Line, Inc.	Fairfield, IA	1/26/02
Hand-woven and hand-knotted carpets	Carpet & Rug Institute	Dalton, GA	1/15/02

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** rather than ten 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:*

New section 503(b)(4) of the Trade Act of 1974 should refer only to legal provisions of the HTS—the 8-digit rate lines (for example, 5701.10.16)—and not to the 10-digit administratively added statistical reporting numbers (such as 5701.10.1600). Thus, the enumeration should be as follows: “5701.10.16, 5701.10.40, 5701.90.10, 5702.10.90, 5702.42.20, 5702.49.10, 5702.51.20, 5702.91.30, 5702.92.00, 5702.99.10, 5703.10.00, 5703.20.10 or 5703.30.00”. If some goods that fall within

these rate lines are not intended to be included, these goods must be described in terms of physical characteristics and not referred to by a 10-digit reporting number that has no legal significance (see section 1204 of the Omnibus Trade and Competitiveness Act of 1988, 19 U.S.C. ) and can be changed by administrative action.

In subsection (c), the comma after “warehouse” should be deleted and one inserted after “consumption” if the present effective date formulation is used. It may be possible to say merely that the amendments made by subsections (a) and (b) shall apply on or after the bill’s date of enactment, because Executive Branch review and proclaimed changes to the HTS must occur before any good may receive duty-free entry under the terms of such proclamation.

*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:*<sup>14</sup>

See explanation above.

*Other technical comments (if any):*

It should be noted that the GSP is currently not in effect, but our customs revenue loss estimates were made assuming that duty-free entry would be available now. We also note that none of the suppliers of imports of leather gloves of subheading 4203.29 exceeded the so-called competitive need limits established under the GSP for 2001 and 2002,<sup>15</sup> so that GSP treatment would continue to be available. However, concerning U.S. imports of hand-woven or hand-knotted carpets, India exceeded the competitive need limits for the following 8-digit HTS headings: 5701.10.40, 5702.49.10, 5702.91.30, and 5702.99.10. Consequently, India would likely be disqualified from receiving duty-free treatment under the GSP for these headings if this legislation were to pass and if the GSP were in effect.

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<sup>14</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.

<sup>15</sup> Under the competitive need limits established under the GSP, no individual supplier of a product imported into the United States can account for more than 50 percent of the total U.S. imports entered under an individual 8-digit HTS heading or for more than \$100 million in total imports in 2001 or more than \$105 million in total imports of that 8-digit heading in 2002.





## 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 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. Eligible products of qualifying sub-Saharan African countries may qualify for duty-free entry under the **African Growth and Opportunity Act** (AGOA), under the terms of general note 16 to the tariff schedule, through September 30, 2008, as indicated by the symbol "D" in the special subcolumn and as set forth in subchapter XIX of chapter 98.

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. Eligible products of qualifying beneficiary countries may qualify for duty-free or reduced-duty entry under the **Caribbean Basin Trade Partnership Act** (CBTPA), under the terms of general note 17 to the tariff schedule, through September 30, 2008, as indicated by the symbol "R" in the special subcolumn and in subchapter XX of chapter 98.

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. 5/9/01

**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.]*

To: Laura Rodriguez@CH@ID  
From: "Ragan, Tom" <tragan@shelbyglove.com>  
Cc:  
Subject: Comments on S. 1671  
Attachment:  
Date: 2/5/02 10:24 AM  
Laura Rodriguez, Textile and Apparel Branch  
U.S. International Trade Commission  
Washington, DC. 20436

Thanks for the opportunity to express my thoughts on opposing the the bill S. 1671. Duty-free treatment under the GSP for leather gloves would be wrong for many many reasons but I will only elaborate on a few.

1. For along time, our skilled workers at our factory in Arkansas have been subjected to labor pressure and gloves made outside the USA. The standards, licenses, regulations and taxes that all us here abide by are not required by other countries. In sales we call this "not being on the same playing field". In the US we have no choice with these government requirements if we wish to remain in business...legally. The US glove manufacturers work force has eroded away at a fast pace for years. Please do not escalate this erosion of our jobs!

2. The problem of transshipping product from one country to another and then on to the USA is a huge problem. Our government agencies can't control transshipping now. If the S. 1671 bill is allowed it will greatly increase this temptation. Importers will transship thru duty-free countries or developing countries thereby creating a lower landed cost in the USA. As long as the almighty dollar is the carrot for most people there will always be those that will try to achieve wealth anyway possible...even if is illegal and getting caught doing something wrong is a possibility. Let's not make an existing problem worse.

3. Our national security is very important. As we have all realized, there are terrorists all over the world. Many of the countries or developing countries that are eligible under the S.1671 duty-free bill are known safe-havens for terrorists. The United States should not improve trade with any territories until they are proven to be worthy of doing trade with. A business or trade arrangement should be mutually beneficial to both parties. Given our current national security issues, it would not be wise to improve trade with many of the countries eligible under the bill S.1671.

Respectfully,  
Tom Ragan, President  
Shelby Specialty Gloves

5321 E. Shelby Drive  
Memphis, TN. 38118  
901-360-8928

To: Laura Rodriguez@CH@ID  
From: "Rob Wekell" <Rob@northstarglove.com>  
Cc:  
Subject: Re: Your comments on S. 1671  
Attachment:

DEAR LAURA RODRIGUEZ-

Sorry for the delay and confusion in getting the information about the Senate Bill #S.1671 to amend the Trade Act of 1974 to provide "duty free treatment" for certain leather gloves. I did come across a previous FAX from you that did list the participating countries, and I apologize for our oversight.

We are a West Coast manufacturer of heavy duty "work" type gloves, starting in Tacoma, WA in 1910 and are still operating under the ownership and operation by the third-generation Wekell family. My brother Tom and I have employed as many as 150 employees here as recently as the early 1980's, but have seen the employment drop during the 1990's to an average level of just around 100 craftsmen and women. Most recently, we have endured recessionary pressures and market erosions starting in 1999 that has forced us to reduce our staff to below 70 people. Our product mix is equally CANVAS types of work gloves as well as LEATHER styles (both full-leather as well as combination canvas/leather models).

The ever increasing flood of foreign competition, especially coming in "duty free", coupled with the greater buying power of a "strong" dollar on the international bargaining table, makes it tougher and tougher for U.S. manufacturers to sell our products in our OWN country. Not only cheaper gloves competing with us, but the majority of our customers who also are "manufacturers" of American products (timber, lumber, aluminum, BOEING, boatbuilding, farming, fishing, etc.) are impacted by foreign competition, as well. To say nothing of the difficulty in selling overseas where their currency is WEAK against our U.S. Dollar, causing our prices to be even HIGHER. To top it off in this country, government and bureaucratic impositions on manufacturers are overwhelming in comparison to any production requirements on our foreign counterparts. Each new law, permit, fee, license, and entitlement on us makes it that much easier for U.S. manufacturers to exit this country in favor of foreign employment rather than making products here in the USA. Although we pride ourselves with making hard-to-copy work gloves of top quality, we feel that our own government would rather see us move offshore and abandon our loyal staff of longtime employees. After 92 years of business, we don't feel that we should have to be alienated from our own country. We have chosen to continue fighting this seemingly LOST cause, no matter how many items can be chipped away from us as producers and how many countries can be befriended to have a hand in our market. We just wish that there could truly be a level playing field in which to compete, both here at home as well as overseas.

Thank you for this opportunity to address how we really feel about this sensitive matter. Please call me if I can be of any further help at (253)627-7107 (FAX253/627-0597). Our newly remodeled website depicting our full range of gloves is [www.northstarglove.com](http://www.northstarglove.com).

Rob Wekell/President  
NORTH STAR GLOVE CO.

P.O. Box 1214  
Tacoma, WA 98401

To: Laura Rodriguez@CH@ID  
From: "Jim Rodenborn" <[jimhgm@dodgenet.com](mailto:jimhgm@dodgenet.com)>  
Cc: [iSTMP@MASTER7@ADP7](mailto:iSTMP@MASTER7@ADP7)[<[chuck\\_grassley@senate.gov](mailto:chuck_grassley@senate.gov)>]  
Subject:Fw: S. 1671  
Attachment: attach1  
Date: 1/15/02 9:51 AM

I am appalled to learn of the introduction of Senate Bill 1671 introduced on November 9, 2001 by Senators Baucus and Grassley. This bill offers duty-free treatment for Hand-Knotted or Hand-Woven Carpets and Leather Gloves from Pakistan. Presumably to show appreciation for Pakistan's efforts in supporting our war against terrorism in Afghanistan. I agree with the intent, but little if any, homework was done in their selection of affected U.S. industries. Perhaps the domestic Hand-Knotted/Hand-Woven Carpet industry is not significant in the United States. However, I can assure you the domestic Leather Glove Industry is alive and well..

On behalf of the 190 employees of Hawkeye Glove Mfg., I find it especially disheartening that a Senator from the Hawkeye State co-sponsored such legislation.

Certainly there are other industries which could absorb the finest of which Pakistan can offer, but why the domestic Leather Glove Industry? Are the Senators aware Hawkeye Glove Mfg. is the largest supplier of protective handwear to U.S. Department of Defense? And the sole supplier of the Intermediate Cold/Wet glove that has special cold/wet protection for our troops based in Afghanistan? Not to mention the largest supplier of Summer Pilot's Gloves, which are specific gloves produced/supplied to our jet pilots enabling them to operate multi-million dollar fighter jets with a senses of tactility, yet providing cut/burn resistance at the same time.

Please contact your U.S. Senator and request a more equitable industry be chosen instead of the domestic Leather Glove Industry. Thank you.

James P. Rodenborn, President, Hawkeye Glove Mfg.



107TH CONGRESS  
1ST SESSION

# S. 1671

To amend the Trade Act of 1974 to provide for duty-free treatment under the Generalized System of Preferences (GSP) for certain hand-knotted or hand-woven carpets and leather gloves.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 9, 2001

Mr. BAUCUS (for himself and Mr. GRASSLEY) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Trade Act of 1974 to provide for duty-free treatment under the Generalized System of Preferences (GSP) for certain hand-knotted or hand-woven carpets and leather gloves.

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. DUTY-FREE TREATMENT FOR HAND-KNOTTED**  
4 **OR HAND-WOVEN CARPETS AND LEATHER**  
5 **GLOVES.**

6 (a) AMENDMENT OF THE TRADE ACT OF 1974.—  
7 Section 503(b) of the Trade Act of 1974 (19 U.S.C.

1 2463(b)) is amended by adding at the end the following  
2 new paragraphs:

3           “(4) CERTAIN HAND-KNOTTED OR HAND-  
4 WOVEN CARPETS.—Notwithstanding paragraph  
5 (1)(A), the President may designate as an eligible  
6 article or articles under subsection (a) carpets classi-  
7 fiable under subheadings 5701.10.16.00,  
8 5701.10.40.00, 5701.90.10.10, 5701.90.20.10,  
9 5702.10.90.10, 5702.10.90.20, 5702.10.90.30,  
10 5702.10.90.90, 5702.42.20.20, 5702.49.10.20,  
11 5702.51.20.00, 5702.91.30.00, 5702.92.00.10,  
12 5702.99.10.10, 5703.10.00.20, 5703.20.10.00, or  
13 5703.30.00.20 of the Harmonized Tariff Schedule of  
14 the United States.

15           “(5) CERTAIN LEATHER GLOVES.—Notwith-  
16 standing paragraph (1)(E), the President may des-  
17 ignate as an eligible article or articles under sub-  
18 section (a) gloves classifiable under subheading  
19 4203.29 of the Harmonized Tariff Schedule of the  
20 United States.”.

21           (b) CONFORMING AMENDMENTS.—Section 503(b)(1)  
22 of the Trade Act of 1974 (19 U.S.C. 2463(b)(1)) is  
23 amended—

1           (1) in subparagraph (A), by striking “Textiles”  
2           and inserting “Except as provided in paragraph (4),  
3           textiles”; and

4           (2) in subparagraph (E), by striking “Foot-  
5           wear” and inserting “Except as provided in para-  
6           graph (5), footwear”.

7           (c) EFFECTIVE DATE.—The amendments made by  
8           subsections (a) and (b) shall apply to any article entered,  
9           or withdrawn from warehouse, for consumption on or after  
10          the date of enactment of this Act.