

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress¹**

[Date approved: May 6, 2008]²

Bill No. and sponsor: H.R. 4578 (Mr. Sanford D. Bishop, Jr. of Georgia et al.).

Proponent name,³ location: Coats North America, Charlotte, NC.

Other bills on product (110th Congress only): H.R. 4440.

Nature of bill: Temporary duty suspension through December 31, 2011.

Retroactive effect: None.

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

Acrylic staple fiber (polyacrylonitrile staple), dyed, not carded, combed or otherwise processed for spinning, the foregoing containing by weight 92 percent or more of polyacrylonitrile, not more than 0.01 percent of zinc and 2 percent or more but not over 8 percent of water, with a filament decitex of 4.0 to 6.7 (plus or minus 10 percent), a fiber shrinkage of from 0 to 22 percent (plus or minus 10 percent) and a cut fiber length of 89 to 140 mm, with a target length of 115 mm (provided for in subheading 5503.30.00).

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:

Acrylic staple fibers are synthetic fibers made from a polymer containing at least 85 percent by weight of acrylonitrile units. The fibers are produced by dry or wet spinning. In dry spinning, the material is dissolved in a solvent and extruded through a spinneret; the solvent is then evaporated, leaving long continuous filaments. In wet spinning, the solution is extruded through the spinneret into a liquid coagulating bath to form filaments. The filaments are then drawn, dried, and processed. Staple fibers are made either by cutting the filaments into uniform lengths, which is done on the same production line on which the filaments are produced, or by grouping the filaments into "tow," which is then stretched to break the filaments into fibers of varying lengths. Fibers may be sold in a natural state (no color added), pigment-dyed (color added when the fiber is still in a molten form) or dyed (color added after the fibers are formed). Various other additives may be used during the production process, depending on the end-use characteristics desired. Acrylic fibers are used to produce a variety of products, including craft yarns, apparel, pile fabrics, upholstery fabrics, home furnishings, and industrial products. Such fibers may also be used in non-textile applications.

¹ Industry analyst preparing report: Heidi Colby-Oizumi (202-205-3391); Tariff Affairs contact: Jan Summers (202-205-2605).

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

³ The sponsor/proponent did not identify any additional beneficiaries of this bill.

Acrylic staple fibers are imported under HTS subheading 5503.30.00, which covers all acrylic or modacrylic staple fibers, not carded, combed or otherwise processed for spinning. Dutiable U.S. imports under HTS subheading 5503.30.00 totaled \$83.8 million in 2007. Turkey was the primary supplier of such fibers in 2007, followed by Italy, Mexico,⁴ and Germany.

Estimated effect on customs revenue:

| HTS subheading: 5503.30.00 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Col. 1-General rate of duty (AVE) | 4.3% | 4.3% | 4.3% | 4.3% | 4.3% |
| Estimated value <i>dutiable</i> imports | \$1,704,000 | \$1,704,000 | \$1,704,000 | \$1,704,000 | \$1,704,000 |
| Customs revenue loss 1/ | \$63,048 | \$73,272 | \$73,272 | \$73,272 | \$73,272 |

1/The general duty rate on all goods of subheading 5503.30.00 is reduced to 3.7% through the close of 2009 under HTS heading 9902.25.62. The figure shown in the table for 2009 reflects the elimination of this reduced duty rate.

Source of estimated dutiable import data: Industry estimates.

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

| Name of firm/organization | Date contacted | Claim US makes same or competing product(s)? | Submission attached? | Opposition noted? |
|--|----------------|--|----------------------|-------------------|
| | | | (Yes/No) | |
| Coats North America (Proponent) Chris Smith, 704-329-5800 | 02/07/2008 | No | Yes | No |
| American Fiber Manufacturers Association Paul O'Day, 703-875-0432 | 02/07/2008 | No | No | No |
| American Manufacturing Trade Action Coalition Sara Ormand, 202-452-0866 | 02/07/2008 | No | Yes | No |
| Amital Spinning Corp. Milt E. Gold, Email: <i>mgold@amital.net</i> | 02/07/2008 | No | No | No |
| The Association of Georgia's Textile, Carpet and Consumer Products Manufacturers G.L. Bowen III, 404-688-0555 | 02/07/2008 | No | No | No |

⁴ Originating goods of Mexico are eligible for duty-free entry under the North American Free Trade Agreement (NAFTA); see HTS general note 12.

| Name of firm/organization | Date contacted | Claim US makes same or competing product(s)? | Submission attached? | Opposition noted? |
|--|----------------|--|----------------------|-------------------|
| Culp, Inc., Robert G. Culp, III, 336-889-5161 | 02/12/2008 | No | No | No |
| Glen Raven, Inc. Allen E. Gant, Jr., 336-227-6211 | 02/07/2008 | No | Yes | No |
| Hexcel Michael Bacal, Email: michael.bacal@hexcel.com | 02/07/2008 | No | No | No |
| Milliken & Company Kathi Dutilh, Email: kdutilh@millikendc.com | 02/12/2008 | No | Yes | No |
| National Council of Textile Organizations Missy Branson, 202-822-8026 | 01/31/2008 | No | No | No |
| National Spinning Co., Inc. James W. Chesnutt, 252-975-7218 | 02/07/2008 | No | Yes | No |
| Patrick Yarn Mills, Inc. Gilbert Patrick, Email: gilbert@patrickyarns.com | 02/07/2008 | No | No | No |
| Quaker Fabric Corporation Larry A. Liebenow, Email: lliebenow@quakerfabric.com | 02/07/2008 | No | No | No |
| Sterling Fibers, Inc. James Hagerott, 850-994-5311 | 02/07/2008 | No | Yes | No |
| Toho Tenax America, Inc. Marc Verbruggen, 865-354-5505 | 02/07/2008 | No | No | No |
| Tuscarora Yarns, Inc., Peter Hegarty, Email: phegarty@tuscarorayarns.com | 02/07/2008 | No | No | No |
| William Barnet & Son, LLC Ron Vinolo, 864-576-7154 | 02/07/2008 | No | No | No |

Technical comments:⁵

It is suggested that the article description of the proposed heading be amended to read as shown on page 1, and that, in lieu of a percent symbol (defined in the HTS as meaning “percent ad valorem”), the word

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.

“percent” be spelled out. The entire product coverage of subheading 5503.30.00 is eligible for a reduced general duty rate through the close of 2009. If the new duty suspension is enacted with an effective date prior to December 31, 2009, it is suggested that existing heading 9902.25.62 be deleted from the HTS or be amended to reflect the narrower product coverage.

Second, the article description should be reworded slightly to make the language more consistent with other tariff provisions. We defer to Customs and Border Protection concerning any administrative difficulties that may arise from the need to compute average measures over a shipment or entry and the variance provided in the description. The provision would cover staple fibers but specifies a criterion pertaining to the filaments used to make the fibers; it would be difficult if not impossible for Customs to know with certainty the average decitex of filaments used to make any entry of fibers, because the fibers made from any particular filaments might not be shipped in a single entry and may be co-mingled with fibers made from various filaments.

110TH CONGRESS
1ST SESSION

H. R. 4578

To suspend temporarily the duty on certain acrylic synthetic staple fiber.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2007

Mr. BISHOP of Georgia (for himself, Mr. KINGSTON, and Mr. SHULER) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on certain acrylic synthetic staple fiber.

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. CERTAIN ACRYLIC SYNTHETIC STAPLE FIBER.**

4 (a) IN GENERAL.—Subchapter II of chapter 99 of
5 the Harmonized Tariff Schedule of the United States is
6 amended by inserting in numerical sequence the following
7 new heading:

| | | | | | | | |
|---|------------|--|------|-----------|-----------|-------------------------|----|
| “ | 9902.01.00 | Acrylic staple fiber dyed (polyacrylonitrile staple), not carded, combed, or otherwise processed for spinning, containing by weight a minimum of 92% polyacrylonitrile, not more than .01 percent zinc and from 2 to 8 percent water, imported in the form of staple fiber with a filament decitex of 4.0 decitex to 6.7 decitex (plus or minus 10 percent) with a fiber shrinkage of 0 to 22 percent (plus or minus 10 percent) and a cut fiber length of 89 to 140 with a target length of 115 mm (provided for in sub-heading 5503.30.00) | Free | No change | No change | On or before 12/31/2011 | ”. |
|---|------------|--|------|-----------|-----------|-------------------------|----|

1 (b) **EFFECTIVE DATE.**—The amendment made by
2 subsection (a) applies to articles entered, or withdrawn
3 from warehouse for consumption, on or after the 15th day
4 after the date of the enactment of this Act.

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