

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 109<sup>th</sup> Congress<sup>1</sup>**

[Date approved: July 26, 2005]<sup>2</sup>

**Bill No. and sponsor:** H.R. 707 (Mr. Israel)

**Proponent name, location:** Mr. Jeffrey C. Miritello  
Inter-Mares Trading Co., Inc.  
1064 Route 109  
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**Other bills on product (109<sup>th</sup> Congress only):** None

**Nature of bill:** Permanent HTS amendment

**Retroactive effect:** None

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

Of one or more of the materials bamboo, rattan, willow, or wood:<sup>3</sup>  
4601.91.25 Rattan webbing  
4601.91.30 Other

**Check one:**  Same as that in bill as introduced  
 Different from that in bill as introduced (explain differences in technical comments section)

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

Rattan comes from various climbing palms which are generally indigenous to tropical and subtropical forests, particularly of Southeast Asia.<sup>4</sup> The stems of rattan palms are rope-like, woody vines that range from 1/8 to 2 inches in diameter and can grow to 600 feet in length.<sup>5</sup> Many rattan palms are classified in the genus, *Calamus*,<sup>6</sup> but there are over 700 known species classified in 13 different genera.<sup>7</sup> Rattan stems are collected from the forest and typically cut into 10 to 20 foot lengths.<sup>8</sup> The stems are boiled in oil and

<sup>1</sup> Industry analyst preparing report: Fred Forstall (202-205-3443); Tariff Affairs contact: 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> These provisions would be subordinate to existing subheading 4601.91.

<sup>4</sup> Indonesia is the major world supplier of rattan. "Rattan Facts," found at <http://www.inbar.int/rattan.htm> and retrieved on Feb. 10, 2004.

<sup>5</sup> "About Rattan Furniture," found at <http://www.sevensesrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.

<sup>6</sup> "About Rattan Furniture," found at <http://www.sevensesrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.

<sup>7</sup> "Rattan Facts," found at <http://www.inbar.int/rattan.htm> and retrieved on Feb. 10, 2004.

<sup>8</sup> "About Rattan Furniture," found at <http://www.sevensesrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.

scoured with sand or sawdust to remove the natural gums and resins.<sup>9</sup> Its inherent strength and flexibility make rattan particularly suitable for the manufacture of woven articles such as furniture, baskets, screens, and chair seats.<sup>10</sup> Typically, the strong outer bark (a.k.a. cane) is split into flat strips and utilized for products requiring strength (e.g., chair backs and seats).<sup>11</sup> The inner portion or core of the vine (a.k.a. reed)<sup>12</sup> is not as strong as the cane;<sup>13</sup> but because it is porous and takes stains well,<sup>14</sup> the reed is particularly useful for decorative items (e.g., baskets).<sup>15</sup> The whole stem may be utilized in making frames for wicker furniture.<sup>16</sup> The United States does not produce unfinished rattan and no longer processes unfinished rattan.<sup>17</sup> The subject product is rattan webbing, comprising rattan that has been woven into sheets that are imported as a raw material for furniture manufacture. Suppliers to the U.S. market include China, Hong Kong, India, Philippines, Thailand, and Indonesia.

**Estimated effect on customs revenue:**

According to U.S. Customs rulings,<sup>18</sup> the existing 8-digit subheading, HTS 4601.20.20, which is accorded duty-free treatment, does not cover goods of a type imported by the proponent; the rulings suggest that this provision is misplaced because it is inferior to a 6-digit subheading (4601.20) which covers specific finished goods and thereby excludes the subject rattan webbing (which lacks a “frame” or finishing border). A provision at the 8-digit level, no matter how broadly constituted, cannot widen the scope of a superior 6-digit subheading in the tariff nomenclature hierarchy. Customs states that, under the current HTS language, the subject rattan webbing is correctly classified in subheading 4601.91.20, a residual or basket category, rather than subheading 4601.20.20, with the result that the proponent’s rattan webbing cannot be accorded duty-free entry.

<b>HTS subheading: 4601.91.20</b>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty (AVE) <sup>1/</sup>	6.6%	6.6%	6.6%	6.6%	6.6%
Estimated value <i>dutiable</i> imports	\$457,000	\$457,000	\$457,000	\$457,000	\$457,000
Customs revenue loss	\$30,162	\$30,162	\$30,162	\$30,162	\$30,162

<sup>1/</sup> The AVE is the ad valorem equivalent of a specific or compound duty rate expressed as a percent, using the most recent import data available. Dutiable imports estimates relate to the subject product and are based upon input from the proponent.

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

<sup>9</sup> “About Rattan Furniture,” found at <http://www.sevenseasrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.  
<sup>10</sup> “Rattan Facts,” found at <http://www.inbar.int/rattan.htm> and retrieved on Feb. 10, 2004.  
<sup>11</sup> “The Wakefield Rattan Company,” found at <http://www.wakefieldma.org/rattan.html> and retrieved on Feb. 10, 2004.  
<sup>12</sup> “About Rattan Furniture,” found at <http://www.sevenseasrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.  
<sup>13</sup> Telephone interview with Jeffery Miritello, Inter-Mares Trading Co., Feb. 10, 2004.  
<sup>14</sup> “The Wakefield Rattan Company,” found at <http://www.wakefieldma.org/rattan.html> and retrieved on Feb. 10, 2004.  
<sup>15</sup> Telephone interview with Jeffery Miritello, Inter-Mares Trading Co., Feb. 10, 2004.  
<sup>16</sup> “About Rattan Furniture,” found at <http://www.sevenseasrattan.com/about-rattan.htm> and retrieved on Feb. 10, 2004.  
<sup>17</sup> Telephone interview with Jeffery Miritello, Inter-Mares Trading Co., Feb. 10, 2004.  
<sup>18</sup> U.S. Customs ruling HQ 956134 found at <http://rulings.customs.gov/index.asp?ru=956134&qu=HQ+956134&vw=detail> and retrieved on Feb. 17, 2004.

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
		(Yes/No)		
Inter-Mares Trading Co., Inc. (importer of subject product)	2/10/2004 2/13/2004 <sup>19</sup>	No	No	No

**Technical comments:**<sup>20</sup>

We note that the bill would delete existing subheading 4601.91.20,<sup>21</sup> in order to subdivide it and provide separately for the subject rattan webbing at a general duty rate of free; it does not delete the existing provision 4601.20.20 in order to ensure that no product that might conceivably fall there would experience a duty increase. It is estimated that the customs revenue impact of this split likely would be approximately \$14,000 per year based on the proponent's data; the impact would not exceed \$320,000 per year in the unlikely event that all dutiable imports entered under subheading 4601.91.20 were actually rattan webbing (the provision also covers goods of bamboo, willow or wood).

<sup>19</sup> A copy of a Sept. 19, 2003, Inter-Mares submission to the sponsor on a substantively identical bill of the 108<sup>th</sup> Congress was supplied to the Commission and is attached to this report.

<sup>20</sup> 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.

<sup>21</sup> For the record, it should be noted that in spite of the U.S. Customs ruling, there were approximately \$246,000 in imports of goods that were invoiced and entered as "rattan webbing" under subheading 4601.20.20 in 2004. Though implicitly misclassified, some goods are receiving duty-free treatment; further details on the exact nature of these shipments are unavailable.

109TH CONGRESS  
1ST SESSION

# H. R. 707

To amend the Harmonized Tariff Schedule of the United States with respect to rattan webbing.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 9, 2005

Mr. ISRAEL 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 with respect to rattan webbing.

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. RATTAN WEBBING.**

4 (a) IN GENERAL.—Chapter 46 of the Harmonized  
5 Tariff Schedule of the United States is amended by strik-  
6 ing subheading 4601.91.20 and inserting the following  
7 new subheading and superior text thereto, with such supe-  
8 rior text having the same degree of indentation as the arti-  
9 cle description for subheading 4601.91.40:

“	4601.91.25	Of one or more of the materials bamboo, rattan, willow, or wood: Rattan webbing .....	Free	20%	”
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4601.91.30	Other .....	6.6%	Free (A, AU, CA, CL, E, IL, J, JO, MX) 3.3% (SG)	45%	”.
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1 (b) STAGED RATE REDUCTIONS.—Any staged reduc-  
2 tion of a rate of duty proclaimed by the President before  
3 the date of the enactment of this Act, that—

4 (1) would take effect on or after such date of  
5 enactment, and

6 (2) would, but for the amendment made by sub-  
7 section (a), apply to subheading 4601.91.20 of the  
8 Harmonized Tariff Schedule of the United States,  
9 applies to the corresponding rate of duty set forth in sub-  
10 heading 4601.91.30 of such Schedule (as added by sub-  
11 section (a)).

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