

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: August 23, 2005]²

Bill No. and sponsor: H.R. 1851 (Mr. Nunes et al.)

Proponent name, location: American Sheep Industry Association
Centennial, CO 80112

Other bills on product (109th Congress only): None.

Nature of bill: Temporary duty suspension through 12/31/2008.

Retroactive effect: None.

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

Sacks and bags, of undyed woven fabric of nylon multi-filament yarns not to exceed 10 decitex, used for packing wool for transport, storage, or sale (provided for in subheading 6305.39.00).

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:

The subject products are constructed of woven nylon fabric of a general type used for many purposes. Based on information from a firm that asserts it is the only U.S. importer of the subject sacks and bags, it is estimated that imports of the product specified in this bill account for 2-3 percent of total 2004 imports under HTS subheading 6305.39.00 by customs value. According to this importer, these sacks for transporting wool are imported from six manufacturing plants worldwide. The importer states that it is the only U.S. importer of such bags and that its sourcing decisions are based on the recommendations of the Australian Wool Exchange, which the U.S. sheep industry has decided to follow. The Exchange staff visited multiple wool sack manufacturing plants worldwide and recommends that the sheep industry only purchase wool sacks from six approved factories. The importer states that four of those plants are located in China, one is in South Korea, and one is in Thailand.

Information obtained by the Commission indicates that the sacks are valued at about \$8 each in 2005, representing as much as a 25 percent increase over the 2004 cost, and that about 50,000 sacks are used annually. The importer has suggested that if the import duty were eliminated, the sheep industry expects imports of the covered wool sacks and bags to increase by 2 to 3 percent per year through 2009. The importer cautioned that growth in the imports of wool sacks and bags is dependent upon recovery of the United States' sheep industry.

¹ Industry analyst preparing report: Kimberly Olsen (202-205-3455); Tariff Affairs contact: Jan Summers (202-205-2605).

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

Estimated effect on customs revenue:

HTS subheading: 6305.39.00					
	2005	2006	2007	2008	2009
 					
Col. 1-General rate of duty (AVE) <u>1/</u>	8.4%	8.4%	8.4%	8.4%	8.4%
Estimated value <i>dutiable</i> imports	\$400,000	\$412,000	\$424,360	\$437,091	\$450,204
Customs revenue loss	\$33,600	\$34,608	\$35,646	\$36,716	\$37,817

1/ 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.

Source of estimated dutiable import data: Official U.S. Government statistics and information from industry sources. Total dutiable imports under this subheading exceeded \$12 million in 2004.

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

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
		(Yes/No)		
American Sheep Industry Association Peter Orwick 303-771-3500 x33	6/3/2005	No.	No.	No
Wool Sacks Company Timothy Kooock 830-997-9554	6/10/2005	No.	No.	No.
Schneider Mills Robert Stein 212-768-0909	6/30/2005	Yes.	Yes.	Yes.
Fiber Economics Bureau Frank Horn 703-875-0676	6/15/2005	No.	No.	No.
National Textile Association David Trumbull 617-542-8220 x2	6/16/2006	No.	No.	No.
National Council of Textile Organizations Missy Branson 202-756-1440	6/30/2005	Yes.	Yes.	Yes.
Congressman Devin Nunes Andrew House 202-225-2523	6/9/2005	No.	No.	No.
Congressman Bill Thomas Mike Holland 202-225-2915	6/3/2005	No.	No.	No.

Textiles Marketing Corporation Keith Clapp 704-333-6500	6/10/2005	No.	No.	No.
Nazrul Chowdhury Tire Cord USA 704-824-0220	6/11/2005	No.	No.	No.
Providence Yarn David Silverman / Charles Semdperil 401-722-5600	6/14/2005	No.	No.	No.

Technical comments:³

We note that the proposed provision is drafted based upon actual use, so that Customs must verify within 3 years of the date of entry that the goods were put to the specified use. While this requirement is a small burden on importers and Customs, it is likely to be the only way to narrow the scope of this duty suspension to the desired goods.

³ 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.

109TH CONGRESS
1ST SESSION

H. R. 1851

To suspend temporarily the duty on nylon woolpacks used to package wool.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2005

Mr. NUNES introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on nylon woolpacks used to package wool.

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. NYLON WOOLPACKS USED TO PACKAGE WOOL.**

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:

“	9902.06.21	Sacks and bags, of undyed woven fabric of nylon multifilament yarns not to exceed 10 decitex, used for packing wool for transport, storage, or sale (provided for in sub-heading 6305.39.00)	Free	No change	No change	On or before 12/31/2008	”.
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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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