

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: August 2, 2006]²

Bill No. and sponsor: S. 2712 (Ms. Blanche Lincoln of Arkansas).

Proponent name, location: Wal-Mart Stores, Inc., Fayetteville, AR.

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

Nature of bill: Temporary duty suspension through December 31, 2009.

Retroactive effect: None.

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

Collars for dogs (provided for in subheading 4201.00.30).

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:

The subject product is dog collars, used with leashes to control and direct the animals. The product is imported from a number of countries, but predominantly from China and from Germany.

Estimated effect on customs revenue:

HTS subheading: <u>4201.00.30</u>					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty					
Col. 1-General rate of duty	2.4%	2.4%	2.4%	2.4%	2.4%
Estimated value <i>dutiable</i> imports	\$25,900,000	\$28,900,000	\$31,900,000	\$35,000,000	\$38,000,000
Customs revenue loss	\$621,600	\$693,600	\$765,600	\$840,000	\$912,000

Source of estimated dutiable import data: Commission estimates based on official U.S. Government statistics.

¹ Industry analyst preparing report: Robert Randall (202-205-3366); 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.

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)		
Wal-Mart Stores, Inc. (Proponent) Tres Bailey, 202-737-2806	06/12/2006	No	No	No
Allen Manufacturing Co. Marketing Manager, Fax: 719-380-9730	06/21/2006	No	No	No
American Leather Specialties Corp. Marketing Manager, Fax: 718-499-2481	06/21/2006	No	No	No
Arrow Moccasin Co. Marketing Manager, Fax: 978-562-1286	06/21/2006	No	No	No
Auburn Leathercrafters Anita Dungey, 315-252-4107	07/10/2006	Yes	Yes	Yes
Ball Chain Manufacturing Co., Inc. Marketing Manager, Fax: 914-664-7460	06/21/2006	No	No	No
Bally Ribbon Mills Marketing Manager, Fax: 610-845-8013	06/21/2006	No	No	No
Commercial Leather Products, Inc. Marketing Manager, Fax: 773-375-1828	06/21/2006	No	No	No
Fabri-Tech, Inc. Marketing Manager, Fax: 317-849-7756	06/21/2006	No	No	No
G.P. Johnson & Associates, Inc. Marketing Manager, Fax: 800-806-6204	06/21/2006	No	No	No
Hamilton Products, Inc. Marketing Manager, Fax: 352-690-9718	06/21/2006	No	No	No
Hear Boy Leather Co., Inc. Marketing Manager, Fax: 205-853-3541	06/21/2006	No	No	No
Hulme Sporting Goods & Mfg. Co. Marketing Manager, Fax: 731-642-0843	06/21/2006	No	No	No
J. V. Wilson Leather Co. Marketing Manager, Fax: 662-258-4200	06/21/2006	No	No	No
K-9 Tag Co. Marketing Manager, Fax: 847-304-8332	06/21/2006	No	No	No
Leather Brothers Marketing Manager, Fax: 501-329-9820	06/21/2006	No	No	No
Lupine, Inc. Marketing Manager, Fax: 888-699-8369	06/21/2006	No	No	No

M. Ross Masson Co., Inc. Marketing Manager, Fax: 317-687-1235	06/21/2006	No	No	No
Moon Valley Collars Marketing Manager, Fax: 707-935-5906	06/21/2006	No	No	No
Moons' Industries America, Inc. Marketing Manager, Fax: 630-833-5946	06/21/2006	No	No	No
National Webbing Products Co. Marketing Manager, Fax: 516-741-9664	06/21/2006	No	No	No
Orrco, Inc. Marketing Manager, Fax: 330-683-0738	06/21/2006	No	No	No
Premier Pet Products Marketing Manager, Fax: 804-379-0403	06/21/2006	No	No	No
Product International Co. Marketing Manager, Fax: 602-253-7148	06/21/2006	No	No	No
Ribbon Webbing Co. Marketing Manager, Fax: 773-722-0344	06/21/2006	No	No	No
Risdon Rigs Marketing Manager, Fax: 517-651-6970	06/21/2006	No	No	No
S. Axelrod Co. Marketing Manager, Fax: 212-947-3787	06/21/2006	No	No	No
Sunshine Nylon Products, Inc. Marketing Manager, Fax: 352-754-6088	06/21/2006	No	No	No
Wink, Inc. Marketing Manager, Fax: 800-684-4853	06/21/2006	No	No	No
Yellow Snow Dog Gear Robin Crocker, 603-383-8966 Richard Johnson, 603-383-8966	07/12/2006	Yes	Yes	Yes
Zoron Manufacturing, Inc. Marketing Manager, Fax: 919-362-6723	06/21/2006	No	No	No

Technical comments:³ None.

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.



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From: Anita Dungey [anita@auburndirect.com]
Sent: Monday, July 10, 2006 4:33 PM
To: Lawrence.Johnson@usitc.gov

Please accept this as my letter of opposition to Tariff Bills numbered S. 2709, S. 2710, S. 2711, and S. 2712. currently before the ITC/Finance Committee. This is an issue that affects me directly as a manufacturer, but just as importantly as a citizen.

I am an owner of a small manufacturing business whose primary focus is the manufacture of dog collars, muzzles, harnesses, and leashes. Auburn Leathercrafters has been in continuous operation since 1950 as a manufacturer of leather strap goods including, but not limited to, dog collars. We currently employ 6 people, but are in the process of expanding our markets nationally and look to employ 10 people by years end. If present conditions remain consistent, future growth will be consistent and steady.

However, temporarily suspending the 2.4% tariffs on dog collars, harnesses, muzzles, and leashes would be devastating to my business, but to my entire industry.

Unfortunately, as you know, much of the consumer goods sector is very price sensitive because of retailers' "low-price-guarantee" policies. These policies in and of themselves aren't necessarily a bad thing – I will admit I occasionally shop that way myself. The unfortunate result, however of the over-use of this tactic is that most of the consuming public does not look beyond price. So, as cheaper imported products enter in to this country, a consumer who is unaware of the subtle differences of products that make them a little more expensive but more of a long-term value will snatch up the less expensive product just because it is less expensive. And while the consumer is discovering that the product isn't as good quality as they use to get, the domestic manufactures' sales have dropped way off, as does the availability and visibility of his quality goods. Furthermore, because of the economies of scale of production, the prices of quality goods will likely go up, making them unattainable to many who could previously afford them. And as jobs are lost, purchasing power of the lower paying jobs dwindles, causing consumers to require lower priced goods.

The affects of temporarily suspending the 2.4% tariff would be no different to my industry. Not only would I be competing with imported finished goods that are priced more cheaply than mine because of other countries' lower labor and overhead rates, environmental restrictions (or lack thereof), and currency manipulation, but I would find it harder to find a consistent supply of quality raw materials I need to maintain a steady level of production. This, I believe, is a real danger if my domestic competition begins outsourcing their raw materials and my domestic suppliers either go off-shore themselves, raise their prices to cover their expenses as their sales decrease or go out of business altogether.

I am seeing the results of this already. As my suppliers begin outsourcing for various reasons, I am beginning to be supplied with inconsistent products as has recently happened when the fluctuations in the metal markets caused one of my suppliers of buckles to stop production and go off-shore. The result was that I received 2 products sold to me as the same products I had been buying domestically but with drastically different specifications. One of the products was noticeably wrong and needed to be

reordered, setting me back months in my production schedule, a schedule which depends on a 5 to 10 day turn-around time. The other differences, however, were not immediately noticeable. The materials – spikes - went in to production and to market before the problems were discovered. Although the spikes appeared to be the same, the post that sets the spike through the leather was designed to be too short, causing the spikes, with wear, to suddenly pop off. So not only had I wasted months waiting for my materials to arrive, but I was forced to search for a new supplier, further adding to my cost and further delaying my delivery times.(That does not even take in to account the customers I have lost in the mean-time.)I, as a small manufacturer need consistency in both my materials and my delivery times, something I am able to find with domestic suppliers.Again, it is my fear that as US manufacturing continues to go off-shore, I will be unable to find the types of supplies I need at a price I can afford with delivery times I can stand.

It doesn't make sense to give away 2.4% in tariff revenues to the US for the sake of the availability of cheaper (cost and quality) goods when the cumulative affect would be so great to an entire industry, likely taking more workers off the tax rolls, some of whom will either find lower paying jobs or spend extended amounts of time on unemployment, leaving more vacant manufacturing buildings that local governments cannot collect taxes on while offering less expensive goods for sale that afford less sales tax revenues. It just doesn't make good economic sense.

Tariffs were designed to help keep trade in balance with other countries. With the enormous trade deficit we have right now, it seems to me that we should be taking every opportunity we can to balance trade fairly.I believe keeping tariffs in place is a relatively painless way of doing this.

It is my understanding that one of the criteria for a tariff bill to be considered for passage is that it should be non-controversial and there should be no domestic production. I am a domestic producer of dog collars, leashes, harnesses, and muzzles and I oppose this bill.

I am convinced that we must oppose policies that undermine our strength and flexibility as a nation. I thank you for your time and consideration of this matter and I look forward to your reply confirming receipt of this letter and the progress of this bill through committee.

Sincerely,

Anita Dungey, President
Auburn Leathercrafters
[anita@auburndirect.com]

As a footnote, please consider the following points as well:

- It is generally surmised that decreasing tariffs will serve to make a manufacturer more efficient in order to remain competitive. But because US manufacturers are, for the most part, as efficient as their budgets and regulations allow, one of two things will happen. Either they will stop producing domestically and begin importing, or they will go out of business altogether.
- A 2 year temporary suspension is just long enough to put most businesses out of business, thus eliminating the competition for the foreign markets.
- A business that is uncertain if or when tariffs will be lifted on their product is unlikely to be as willing to invest in expanding their business.

Yellow Snow Dog Gear

PO Box 504

Jackson, New Hampshire 03846

603-383-8966 TOLL FREE: 877-383-8966 FAX: 603-383-6464

www.YellowSnowDogGear.com

July 12, 2006

Re: Senate Bill #'s S.2709, S/2710, S.2711, S.2112

We manufacture dog collars and leads in the United States. All our labor is done, and has been done, in the country. We plan to continue to operate in this manner, supporting the local economy.

We would like to object to the above mentioned Senate Bills. We are hoping for a no vote.

Thank you for your time and consideration.

Cordially,

Robin Crocker, Owner
Richard Johnson, Owner
Yellow Snow Dog Gear

109TH CONGRESS
2^D SESSION

S. 2712

To temporarily suspend the duty on collars for dogs.

IN THE SENATE OF THE UNITED STATES

MAY 4, 2006

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

A BILL

To temporarily suspend the duty on collars for dogs.

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. COLLARS FOR DOGS.**

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:

“	9902.42.01	Collars for dogs (provided for in subheading 4201.00.30)	Free	No change	No change	On or before 12/31/2009	”.
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8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to goods entered, or withdrawn from

- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of the enactment of this Act.

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