

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: September 28, 2006]²

Bill No. and sponsor: S. 3643 (Mr. Charles Schumer of New York and Mrs. Hillary Clinton of New York).

Proponent name, location: Prismatic Dyeing & Finishing, Newburg, NY

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)):

Woven fabrics of cotton, containing less than 85 percent by weight of cotton, mixed mainly or solely with man-made fibers, weighing not more than 200 g/m², the foregoing printed, and other than plain weave fabrics or 3-thread or 4-thread twill (including cross twill) fabrics (provided for in subheading 5210.59).

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 categories include woven printed fabrics of cotton, containing less than 85 percent by weight of cotton, mixed mainly or solely with man-made fibers, weighing not more than 200 grams per square meter, including printed satin weaves, twill weaves, and other fabric excluding printed and other than plain weave or 3-thread or 4-thread twill (including cross twill). Uses of these fabrics include, but are not limited to, apparel, drapery liners, and upholstery. Italy, Brazil, and Pakistan were the leading suppliers of such fabrics in 2005.

Estimated effect on customs revenue:

Total Estimated Revenue loss for this Bill					
	2006	2007	2008	2009	2010
Customs revenue loss	\$86,955	\$86,955	\$86,955	\$86,955	\$86,955

Source of estimated dutiable import data: Industry and Commission estimates.

¹ Industry analyst preparing report: Don Sussman (202-205-3331); 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.

HTS subheading: <u>5210.59.20</u>					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	10%	10%	10%	10%	10%
Estimated value <i>dutiable</i> imports	\$289,966	\$289,966	\$289,966	\$289,966	\$289,966
Customs revenue loss	\$28,997	\$28,997	\$28,997	\$28,997	\$28,997

Source of estimated dutiable import data: Industry and Commission estimates.

HTS subheading: <u>5210.59.40</u>					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	8.8%	8.8%	8.8%	8.8%	8.8%
Estimated value <i>dutiable</i> imports	\$202,546	\$202,546	\$202,546	\$202,546	\$202,546
Customs revenue loss	\$17,824	\$17,824	\$17,824	\$17,824	\$17,824

Source of estimated dutiable import data: Industry and Commission estimates.

HTS subheading: <u>5210.59.60</u>					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	10.4%	10.4%	10.4%	10.4%	10.4%
Estimated value <i>dutiable</i> imports	\$226,780	\$226,780	\$226,780	\$226,780	\$226,780
Customs revenue loss	\$23,585	\$23,585	\$23,585	\$23,585	\$23,585

Source of estimated dutiable import data: Industry and Commission estimates.

HTS subheading: <u>5210.59.80</u>					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	7.8%	7.8%	7.8%	7.8%	7.8%
Estimated value <i>dutiable</i> imports	\$212,168	\$212,168	\$212,168	\$212,168	\$212,168
Customs revenue loss	\$16,549	\$16,549	\$16,549	\$16,549	\$16,549

Source of estimated dutiable import data: Industry and Commission 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)		
Prismatic Dyeing & Finishing (Proponent) Gary Innocent, 845-561-1800	08/07/2006	No	No	No
American Manufacturing Trade Action Coalition Sarah Ormand, 202-452-0866	08/22/2006	No	No	No
Avondale Mills Rosa Deck, 257-249-1560	08/07/2006	No	No	No
Glen Raven Technical Fabrics Carl Wallace, 336-227-6211	08/07/2006	No	No	No
Haynes Industries Todd Hoover, 828-466-8505	08/22/2006	No	No	No
Michael S. Becker, Inc. Mike Becker, 336-229-5887	08/08/2006	No	No	No
National Textile Association David Trumbull, 617-542-8220	08/22/2006	No	No	No
National Council of Textile Organizations Missy Branson, 202-822-8026 Mike Hubbard, 704-824-3522	08/24/2006	Yes	Yes	Yes
Phillips-Van Heusen Ted Sattler, 212-381-3526	08/24/2006	No	No	No
Ramtex Yarns & Fabrics, LLC Bill Beaver, 336-824-5600	08/08/2006	Yes	Yes	Yes
Schneider Mills Bruce Bodinger, 212-768-7500	08/08/2006	No	No	No
Shuford Mills Becky Lane, 828-328-2141	08/07/2006	No	No	No
Shuford Yarns Marvin Smith, 828-324-4265	08/08/2006	No	No	No
Sunbury Textile Mills Hank Truslow Sr., 570-286-3800	08/22/2006	Yes	Yes	Yes
Unifi, Inc. Jane Johnson, 336-294-4410	08/08/2006	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.

Comments of the National Council of Textile Organization in opposition to legislation

August 15, 2006

The Honorable Charles Grassley
Chairman, Senate Finance Committee
219 Dirksen Office Building
Washington, DC 20510

RE: Opposition to Duty Suspension Legislation under Consideration by the Senate Finance Committee

Dear Mr. Chairman:

On behalf of the National Council of Textile Organization's (NCTO) and our member companies, I am writing to let you know of our strong opposition to the inclusion of the following measures in the proposed miscellaneous tariff bill currently being developed by the Senate Finance Committee

NCTO is a not-for-profit trade association established to represent the entire spectrum of the United States textile sector, from fibers to yarns to fabrics to finished products, as well as suppliers in the textile machinery, chemical and other such sectors which have a stake in the prosperity and survival of the U.S. textile sector. Our headquarters are in Washington, D.C., and we also maintain an office in Gastonia, NC.

S. 3071

Legislation to suspend the duty on fabric woven with certain continuous filament wholly nylon type-66 textured yarns.

NCTO strongly opposes this legislation as there are currently U.S. textile companies who make the fabric targeted by S. 3071. In addition to the fabric, there are also U.S. companies who produce nylon type-66 textured yarns. As a result, if this bill were enacted it would have a very damaging effect on two very important segments of the U.S. textile industry who are currently producing woven fabric with certain continuous filament wholly nylon type-66 textured yarns and its components in the U.S.

S. 3123 S. 3125

S. 3126 S. 3127

Legislation to suspend the duties on ski and snowboard pants.

NCTO strongly opposes legislation to suspend the duties on ski and snowboard pants as there are currently U.S. textile companies who would be severely damaged if these proposals were enacted.

Last year, the Committee for the Implementation of Textile Agreements (CITA) reimposed quotas on imports of man-made fiber trousers from China because of the damage that these imports were inflicting upon U.S. trouser fabric manufacturers. When the quota filled for this category in July 2005, U.S. importers and retailers were granted an exemption for ski and snowboard pants, and since November 1, 2005, these products have not been subject to quota.

NCTO strongly opposed this exemption because of the damage it would inflict on U.S. trouser fabric manufacturers. When exemptions are granted for any product, but especially commodity, high-volume

products like trousers, the potential for illegal transshipment across these product lines becomes extremely high, and as expected, Chinese imports of these products are up significantly in 2006. If duties on these products were suspended, illegal transshipment in these products would only increase further as other types of trousers would be misclassified to avoid duties, which for manmade fiber trousers averages 26 percent.

Suspending duties on these products will only further erode business and opportunity for U.S. fabric manufacturers and seriously harm trouser production in this hemisphere. Eliminating duties on sensitive products, like trousers, would also seriously undermine U.S. negotiating authority in bilateral and multilateral negotiations by unilaterally disarming while requiring no concessions from our trading partners in return.

S. 3150

Legislation to suspend the duty on tarpaulins measuring 9-feet by 12-feet with a polyvinyl chloride (PVC) coating.

NCTO strongly opposes S. 3150 because of the damage it would cause to U.S. tarpaulin manufacturers. NCTO has several member companies who produce fabric for U.S. tarpaulin manufacturers and these producers would also be harmed by this proposal.

Furthermore, U.S. tarpaulin manufacturers depend on the commercial market for their products to help balance out the ebbs and flows of U.S. military purchasing. If the commercial market for these products is further eroded because of this legislation, the ability of these companies to continue to supply the U.S. military is also negatively impacted.

S. 3164

Legislation to suspend the duty on certain tents.

NCTO strongly opposes S. 3164. There is a well established tent manufacturing industry in the U.S. that provides employment to thousands of individuals and is the economic backbone for many small communities. These manufacturers and their employees would be severely impacted if this legislation is approved.

Most of the companies engaged in the manufacturing of tent fabrics for commercial use are also suppliers to the U.S. military. The loss of the commercial tent business would make it impossible for these companies to remain in business and therefore threaten the ability to adequately supply our military with one of its most basic needs. At a time when our military is already struggling to maintain its readiness posture, we do not believe it would be prudent to pass legislation which would eliminate a major supply chain for our nation's military.

S. 3217

Legislation to suspend the duty on certain viscose rayon yarn.

NCTO strongly opposes legislation to suspend the duty on certain viscose rayon yarn. There are currently U.S. yarn companies that are capable of producing the yarn targeted by this proposal. Due to the negative

impact this legislation would have on these companies, we oppose its inclusion in the miscellaneous tariff bill currently under consideration by the Committee.

S. 3227

Legislation to suspend the duty on certain twisted yarn of viscose rayon.

NCTO strongly opposes legislation to suspend the duty on certain twisted yarn of viscose rayon. There are currently U.S. yarn companies that are capable of producing the yarn targeted by this proposal. Due to the negative impact this legislation would have on these companies, we oppose its inclusion in the miscellaneous tariff bill currently under consideration by the Committee.

S. 3241

S. 3242

Legislation to suspend the duties on certain backpacks.

NCTO strongly opposes legislation to suspend the duties on certain backpacks. The only difference in these two proposals is that S. 3241 is a backpack with a removable separate backpack or daypack and S. 3242 does not have a removable component.

NCTO has several member companies who produce fabric for U.S. backpack manufacturers and these producers would be harmed by this proposal. Most of the companies engaged in the manufacturing of backpacks for commercial use are also suppliers to the U.S. military. The loss of the commercial backpack business would make it impossible for these companies to remain in business and therefore threaten the ability to adequately supply our military with one of its most basic needs. At a time when our military is already struggling to maintain its readiness posture, we do not believe it would be prudent to pass legislation which would eliminate a major supply chain for our nation's military.

S. 3393 S. 3394

S. 3396 S. 3397

S. 3400 S. 3401

S. 3402 S. 3403

Legislation to suspend the duties on certain water resistant pants.

NCTO strongly opposes these eight bills to suspend the duty on certain water resistant pants. As with the ski and snowboard pants, U.S. trouser fabric manufacturers would be severely damaged if this proposal were enacted.

It is important to point out that most of the products targeted by this legislation are currently under quota from China as a result of the U.S.-China Textile Bilateral Agreement that was signed last November. Therefore, as a result of the government's own actions, these products have already been identified as import sensitive and should be managed carefully.

When duties are eliminated for specific subsets of commodity, high-volume products like trousers the potential for illegal transshipment across these product lines becomes extremely high. If duties on these products were suspended, illegal transshipment would only increase further as other types of trousers would

be misclassified as water resistant to avoid duties, which for manmade fiber trousers averages 26 percent.

Of equal concern is the fact that the definition for “performance outerwear pants” is very broad and could lead to unforeseen problems for U.S. producers of similar products. Suspending duties on these products will only further erode business and opportunity for U.S. fabric manufacturers and seriously harm trouser production in this hemisphere. For example, trade in water resistant pants in the NAFTA/CBTPA region totaled \$229 million last year. The benefits of these agreements would be completely nullified if proposals such as this are allowed to move forward.

Eliminating duties on sensitive products, like trousers, would also seriously undermine U.S. negotiating authority in bilateral and multilateral negotiations by unilaterally disarming while requiring no concessions from our trading partners in return.

S. 3641

Legislation to suspend the duty on certain woven fabrics of cotton, containing less than 85 percent by weight of cotton.

NCTO strongly opposes efforts to suspend the duty on certain woven fabrics of cotton containing less than 85 percent by weight of cotton. We have several member companies who are currently producing this fabric as well as members who manufacture the yarns that go into this product.

U.S. manufacturers of this fabric are currently supplying this fabric to their customers throughout the NAFTA/CAFTA region and can easily meet the demand of the U.S. market. Due to the negative impact this legislation would have on these companies, we oppose its inclusion in the miscellaneous tariff bill currently under consideration by the Committee.

S. 3642

Legislation to suspend the duty on knitted or crocheted fabrics of cotton, printed.

NCTO strongly opposes efforts to suspend the duty on knitted or crocheted fabrics of cotton, printed. We have several member companies who are currently producing this fabric as well as members who manufacture the yarns that go into this product.

U.S. manufacturers of this fabric are currently supplying this fabric to their customers throughout the NAFTA/CAFTA region and can easily meet the demand of the U.S. market.

Due to the negative impact this legislation would have on these companies, we oppose its inclusion in the miscellaneous tariff bill currently under consideration by the Committee.

S. 3643

Legislation to suspend the duty on certain woven fabrics of cotton containing less than 85 percent by weight of cotton, mixed mainly or solely with man-made fibers, weighing not more than 200 g/m.

NCTO strongly opposes efforts to suspend the duty on certain woven fabrics of cotton containing less than

85 percent by weight of cotton, mixed mainly or solely with man-made fibers, weighing not more than 200 g/m. We have several member companies who are currently producing this fabric as well as members who manufacture the yarns that go into this product.

U.S. manufacturers of this fabric are currently supplying this fabric to their customers throughout the NAFTA region and can easily meet the demand of the U.S. market.

Due to the negative impact this legislation would have on these companies, we oppose its inclusion in the miscellaneous tariff bill currently under consideration by the Committee.

S. 3644

Legislation to suspend the duty on weft pile fabrics of cotton, other than uncut weft pile fabrics or cut corduroy.

NCTO strongly opposes efforts to suspend the duty on weft pile fabrics of cotton, other than uncut weft pile fabrics or cut corduroy. We have several member companies who are currently producing this fabric as well as members who manufacture the yarns that go into this product.

U.S. manufacturers of this fabric are currently supplying this fabric to their customers throughout the NAFTA/CAFTA region and can easily meet the demand of the U.S. market.

Due to the negative impact this legislation would have on these companies, we oppose its inclusion in the miscellaneous tariff bill currently under consideration by the Committee.

In closing, we strongly encourage you to prevent the inclusion of the measures outlined above from any miscellaneous trade bill or other relevant legislation considered by the Senate.

Thank you for your consideration of these comments and concerns.

Sincerely,

Cass Johnson
President
cjohnson@ncto.org

Comments of Ramtex Yarns & Fabrics, LLC in opposition to legislation

VIA Email to Donald.Sussman@USITC.gov on 08/011/2006

Donald,

Reference S:3071 HTSUS 5407.41

Ramtex is a state of the art Spinning and Weaving operation located in Ramseur, NC. With regards to our weaving capability, we have the ability and often run fabrics of textured filament yarns. While we don't run any textured nylon yarns today, we feel any reductions in tariff on this fabric would severely hamper our ability to pursue this future potential business. Thus, we are opposed to any reduction in tariff for these goods.

Reference S:3641 HTSUS 5210.29

On behalf of Ramtex and our 400+ employees here in North Carolina, we are vehemently opposed to ANY reduction in tariff on goods from this category. Ramtex currently serves this market and along with Russell Corp in Ala, are the only two surviving domestic textile companies in this business. We have spent considerable time and money in collaborating with other manufacturers in this industry to establish a first rate supply chain for these goods. Approximately 40% of our sales dollars are generated from this market. Therefore, we oppose any tariff reduction related to this bill.

Reference S:3642 HTSUS 6006.24

As part of our overall sales strategy, Ramtex weaves both fabric, (as noted above), and sells it's excess yarn into the knit market. Approximately 50% of our total sales dollars are generated in this manner and if our knitting customers are faced with increasingly cheaper goods from overseas, it will negatively affect our ability to sell our yarn to them, therefore putting us in a perilous position. Thus, we strongly oppose any tariff reduction in this category.

Reference S:3643 HTSUS 5210.59

As noted in S:3641 above, fabrics from this basic category of 5210 whether sold in the unbleached, bleached, or printed state are a major portion of our fabric sales capacity and any reduction in tariff would seriously jeopardize our ability to compete in this market. Therefore, we are opposed to any tariff reductions related to this category of fabrics.

Best Regards,

Bill Beaver
Vice President
Ramtex Yarns & Fabrics, LLC
1259 Foushee Road
Ramseur, N.C. 27316
phone: 336-824-5611
fax: 336-824-5689

Comments of Sunbury Textile Mills, Inc in opposition to legislation.

VIA Email to Donald.Sussman@USITC.gov on 08/22/2006

My company, Sunbury Textile Mills, Inc, produces fabrics which fall under the definition given in Senate Bills S3641 and S3643, and we would be harmed by any reduction in tariffs on this category of fabric. We are a private company employing 260 people and represent one of the largest payrolls in our community. The damage can be indicated by the first quarter results of a competitor who produces the same category of goods. Quaker Fabrics President and C.E.O. in describing his company's \$12.1 million loss in the first quarter of 2006 explained that the loss came in part from "intense competition from imported fabric rolls and kits." Sunbury Textile Mills, Inc. voices strong opposition to any reductions in tariffs on fabrics as described in these two bills.

109TH CONGRESS
2^D SESSION

S. 3643

To suspend temporarily the duty on certain woven fabrics of cotton, containing less than 85 percent by weight of cotton, mixed mainly or solely with man-made fibers, weighing not more than 200 g/m².

IN THE SENATE OF THE UNITED STATES

JULY 12, 2006

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

A BILL

To suspend temporarily the duty on certain woven fabrics of cotton, containing less than 85 percent by weight of cotton, mixed mainly or solely with man-made fibers, weighing not more than 200 g/m².

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. CERTAIN WOVEN FABRICS OF COTTON, CON-**
 2 **TAINING LESS THAN 85 PERCENT BY WEIGHT**
 3 **OF COTTON, MIXED MAINLY OR SOLELY WITH**
 4 **MAN-MADE FIBERS, WEIGHING NOT MORE**
 5 **THAN 200 G/M².**

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

“	9902.52.12	Woven fabrics of cotton, containing less than 85 percent by weight of cotton, mixed mainly or solely with man-made fibers, weighing not more than 200 g/m ² , the foregoing printed and other than plain weave or 3-thread or 4-thread twill (including cross twill) (provided for in subheading 5210.59)	Free	No change	No change	On or before 12/31/2009	”.
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10 (b) **EFFECTIVE DATE.**—The amendment made by
 11 subsection (a) applies to goods entered, or withdrawn from
 12 warehouse for consumption, on or after the 15th day after
 13 the date of the enactment of this Act.

