



MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

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

Cargo bags designed to be attached to the roof racks of motor vehicles of heading 8703 or 8704, such bags with an outer surface of textile materials of man-made fibers (provided for in subheading 4202.92.90)

(If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.)

Description above compared with bill as introduced:

- Same
- Different (see Technical Comments section)

III. Other product information, including uses/applications and source(s) of imports

The subject products are used as portable storage devices. Though they may be used to carry cargo by attaching them to the roofs racks mounted on motor vehicles, they are removable. China is the primary source for U.S. imports of the subject cargo bags. Opposition to this bill is noted below in the Contacts table.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	4202.92.90				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	17.6	17.6	17.6	17.6	17.6
Estimated value of dutiable imports (\$)	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Customs revenue loss (\$)	616,000	616,000	616,000	616,000	616,000

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce
- Provided by industry sources
- Industry information
- Commission estimates

Duty reduction notes:

- This bill is not a duty reduction
- This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%) Temporary rate (%) Percentage point reduction (%)

V. Technical comments

The article description shown above has been modified for greater clarity and for consistency with normal HTS usage.

VI. Continuation

VII. Contacts with domestic firms/organizations

	# Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
1	Thule Inc. (Interested entity) Chris Rowe	203-881-4874	No	No	No
2	Highland Products Group Jessica Kyriakos	561-620-7878	No	No	No
3	Leather Specialty Company Michael Korchmar	513-884-7228	Yes	Yes	Yes
4	Lund International Tanya Williams-Henry	678-804-3832	No	No	No
5	Kraco Enterprises, LLC Jennifer Bailey	805-532-5273	No	No	No
6	ROLA/Cequent Group Jennifer Belback	734-656-3126	No	No	No
7	Seattle Sports Mike Moore	206-782-0773	Yes	Yes	Yes
8	Yakima Stefanie Ramirez	971-249-7500	No	No	No

Committee on Ways and Means
U.S. House of Representatives
1104 Longworth House Office Building
Washington, DC 20515

To Whom It May Concern:

Late last week I was made aware of MTB HR 5034 and wanted to express by objection to the bill. I realize that the time for comment closed on June 22 but was hoping you could still try to get my comments in the public record?

My name is Michael Korchmar I am the 3rd generation owner and operator of my families 95-year-old manufacturing company, The Leather Specialty Company, and also serve on ITAC 13. We still own and operate factories that produce custom bags and travel goods made from textile, vinyl, plastic

and leather materials in the USA and in The Dominican Republic. We employ over 300 people and, based off of the descriptions provided, feel we are very capable of manufacturing the products listed in this bill and have the capacity to produce this article for which temporary duty free status is being requested. We believe we could produce domestically in our Naples, Florida plant or in our DR facility. (Items produced in our DR facility would already be eligible for duty free status under DR-CAFTA)

I can assure you that maintaining a US and Western Hemisphere manufacturing presence and the jobs so related has been extremely difficult over the last few decades and the last thing we domestic manufacturers need is our Government provided duty free status on products we can produce. If companies are claiming

that the products cannot be purchased domestically they are either simply not looking very hard or are unwilling to pay to have these items made outside of Asia.

Passing HR 5034 will most certainly adversely impact my company and our employees and we would ask that you communicate our objections.

Many thanks in advance for any help you can lend.

Sincerely,

Michael Korchmar
President, The Leather Specialty
Company
1088 Business Lane
Naples, FL 34110
513 884 7228

MICHAEL KORCHMAR
mkorchmar@korchmar.com

Gaffney, Shannon

From: Mike Moore <mike@seattlesportsco.com>
Sent: Friday, June 22, 2012 3:51 PM
To: Gaffney, Shannon
Subject: RE: tariff bill on rooftop cargo bags

Hi Shannon:

Thank you for your follow up e-mail. Sorry that I have delayed replying.

Here's my quick reply. We're working on getting next year's catalog produced, so I've been focused on that.

1. Seattle Sports both manufactures in our US factory (Arizona) these subject bags (Car top carriers) and also imports the Car Top Carriers.

We originally made them all in the US, but due to imported competition, we were forced to start importing some of the carriers too.

For everything that we can make in our own factory competitively, we have chosen to keep those items in our factory.

While we don't manufacture a lot of these carriers in the US, we have seen a whole host of other similar business returning from overseas as we have become more competitive and offer a better value proposition as China's exchange rate has risen and quality and practices have become somewhat less reliable.

Lowering a duty on this item, could plausibly then lead to the lowering of duty on other similar but smaller items that we still make in our US factory, or as we have also witnessed: a "renaming" of other items to call them a car-top carrier to gain benefit of the lower duty, only to have them be repackaged in the US as what they truly are. (we have seen waterproof bags which we manufacture and are classed with a luggage duty rate called "FLOAT BAGS" by our competitors, which allows them to be brought in under a much lower duty rate).

Thus, gains that we have made in manufacturing in the US, with US citizens could be erased by such a move.

This leads me to:

2. Though we both import and manufacture these items, we would oppose this bill to lower the tariff rate, because:

a. we have seen larger companies manipulate the duty rates they pay with their full time & consulting staffs for maximum benefit on other products and feel that eliminating duties, while theoretically beneficial to all importers, is much more beneficial to large importers, who will apply their purchasing power with overseas factories to then lower prices further and drive out any ability at all to manufacture the carriers in the US and

b. these larger companies have more capabilities to shift their profits to overseas, whereas smaller importers like us, with no tax departments, do not practice these tax avoidance strategies, and thus would be hurt also as an importer relative to a larger importer, who can price into their products potentially lower prices related to tax avoidance.

Keeping the current duty rate in place allows for an ever-so-slight leveling of the playing field...speaking both as a manufacturer, and as a (relatively) small importer, and helps eliminate the possibility of using this ruling as a precedent to then reduce other duty rates for other items that are similar in materials and construction, which we manufacture competitively in the US, due to the higher duty rate.

Thank you again for your follow up and patience.

Sincerely,

Mike Moore
Owner, Seattle Sports

From: Shannon.Gaffney@usitc.gov [<mailto:Shannon.Gaffney@usitc.gov>]
Sent: Friday, June 22, 2012 11:35 AM
To: Mike Moore
Subject: FW: tariff bill on rooftop cargo bags

Dear Mike,

I'm sorry to bother you; I'm sure you're busy. Unfortunately, I'm up against a tight deadline for my bill report on the portable rooftop cargo bags. Do you know who would be able to tell me if Seattle Sports is importing the subject bags, or whether they are made in the United States? Whether Seattle Sports opposes or supports the bill, I'd like to include your feedback in my report. Do you think I might get an answer by Monday morning?

Thanks so much.

Shannon

From: Gaffney, Shannon
Sent: Thursday, June 14, 2012 5:34 PM
To: 'mike@seattlesportsco.com'
Subject: tariff bill on rooftop cargo bags

Dear Mike,

Thanks for speaking with me today. As I explained, the International Trade Commission is in the process of reviewing miscellaneous tariff bills for the House Ways and Means Committee. Seattle Sports Co appears to sell products covered under HR 5034 (attached for your reference). We have a few questions on this bill.

- Are you aware of any domestic production of the rooftop cargo bags described in HR 5034?
- Is Seattle Sports Co importing the subject bags under HR 5034?
 - If so, from which countries are you primarily importing these bags?
 - Could you provide an estimate of Seattle Sports Co's imports of these bags?
- Can you describe the end use(s) of the subject bags?
- If Seattle Sports Co opposes HR 5034, I need a brief written statement to that effect (email is fine).

Thank you so much for your assistance.

Kind regards,

Shannon Gaffney
International Trade Analyst

112TH CONGRESS
2D SESSION

H. R. 5034

To suspend temporarily the duty on certain rooftop cargo bags.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2012

Ms. DELAURO introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To suspend temporarily the duty on certain rooftop cargo
bags.

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 ROOFTOP CARGO BAGS.**

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	Cargo bags that affix to the roof rack of a vehicle, with an outer surface of textile materials of man-made fibers (provided for in subheading 4202.92.90)	Free	No change	No change	On or before 12/31/2015	”.
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1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) applies to goods entered, or withdrawn from
3 warehouse for consumption, on or after the 15th day after
4 the date of the enactment of this Act.

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