

September 4, 1997

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON WAYS AND MEANS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES ON PROPOSED TARIFF LEGISLATION¹

Bill no., sponsor, and sponsor's state: H.R. 1304 (105th Congress), Representative Ramstad (MN).

Companion bill: None.

Title as introduced: To provide for the temporary suspension of duty on certain plastic web sheeting.

Summary of bill:²

To suspend the general rate of duty on specified nonwoven sheeting of polyester fibers, entered on or before December 31, 1999.

Effective date: 15th day after enactment.

Retroactive effect: None.

Statement of purpose:

A member of the sponsor's staff stated that the purpose of this bill is to correct the technical description for certain nonwoven fiber sheet that now appears in U.S. note 2 to subchapter VII of chapter 99 of the Harmonized Tariff Schedule of the United States (HTS).³ [This subchapter sets forth temporary tariff treatment, as agreed to in the Uruguay Round of multilateral tariff negotiations and proclaimed by the President,⁴ that applies to narrow classes of goods during the period of staged duty reductions for the broader HTS subheading in which the good is classified. The bill would not amend these proclaimed provisions.] According to the staff member, the note gives fabric specifications for goods described in HTS subheading 5603.13.00 that can currently be entered free of duty under HTS heading 9907.56.01; these goods previously were covered by a duty suspension through the close of 1992, as authorized by the Customs and Trade Act of 1990. The technical description now provided in the note reportedly does not accurately describe the imported product that formerly was eligible for the duty suspension.

¹ Industry analyst: Mary Elizabeth Sweet (205-3455); attorney: Jan Summers (205-2605).

² See appendix A for definitions of tariff and trade agreement terms.

³ Megan Ivory, conversation with USITC staff, July 31, 1997.

⁴ See Presidential Proclamation No. 6763 of December 23, 1994 (60 Fed.Reg. 1007, 1336-1337).

Product description and uses:

Certain plastic web sheeting: This product is sheeting of polyester fibers, classified as a nonwoven fabric for tariff purposes though it contains plastics. It is imported in rolls about 2,000 meters in length and about 40 inches wide. The fabric is one of the materials used to produce tubular filters for purifying water, and is coated with a chemical film that is the main purifying medium. The coated sheeting is combined with other materials and formed into water permeable tubes of various diameters, the size depending on the particular end use. The tubes are then coated with a waterproof substance and the resulting hosing is incorporated into a filtering assembly. The filters are used to purify sea water or brackish water by desalinization, chemical processing, and waste treatment.

Tariff treatment:⁵

<u>Product</u>	<u>HTS subheading</u>	<u>Col. 1-general rate of duty (1997)</u>
Nonwovens, whether or not impregnated, coated, covered or laminated, of manmade filaments weighing more than 70 g/m ² but not more than 150 g/m ²	5603.13.00	5% ad valorem

Structure of domestic industry (including competing products):

Certain plastic web sheeting: Importers state that there is no domestic production of the specific fabric covered by the bill.

Private-sector views:

The Commission contacted two firms that import this product.⁶ The companies had not submitted any written comments as of the date of preparation of this report.

⁵ See appendix B for column 1-special and column 2 duty rates, as well as for the temporary duty elimination provision, heading 9907.56.01.

⁶ Barbara Billmeier, Filmtec, telephone conversation with USITC staff, July 30, 1997, and William Griffin, Griffin and Co., telephone conversation with USITC staff, July 31, 1997.

U.S. consumption:⁷

	<u>1994</u>	<u>1995</u>	<u>1996</u>
	------(million dollars)-----		
U.S. production.....	0	0	0
U.S. imports.....	18	18	18
U.S. exports.....	0	0	0
Apparent U.S. consumption.....	18	18	18

Principal import sources: Japan.

Principal export markets: None.

Effect on customs revenue:⁸

Future (1998-1999) effect:	Annual import value.....	\$18 million
	1998 rate of duty.....	2.5 percent ad valorem
	1998 duties collected.....	\$449,000
	1999 rate of duty.....	Free
	1999 duties collected.....	\$0
	Total revenue loss.....	\$449,000

Retroactive effect: None.

Technical comments:

We note that the current article description in HTS heading 9907.56.01 covers a product having different physical characteristics compared to the one covered by the bill. As noted above, the present definition of the goods covered by that heading is set forth in note 2 to subchapter VII of chapter 99, and these goods may be classified under any subheading of heading 5603. The subchapter VII provisions of the HTS are the result of specific tariff concessions negotiated during the Uruguay Round, and would continue in effect for as long as goods of any subheading of heading 5603 are dutiable.

We suggest that subdivision (f) of the new note be amended to specify the roll width in metric units rather than in inches. We also suggest that the new heading have a different number, such as 9902.56.04, because of the lapse in the duty suspension at the end of 1992.

Consideration of international obligations: None.

⁷ Estimated by USITC staff based on information from importers and consumers.

⁸ Actual revenue loss may be understated in the event of a significant increase in imports over the duty suspension period.

APPENDIX A

TARIFF AND TRADE AGREEMENT TERMS

In the **Harmonized Tariff Schedule of the United States** (HTS), chapters 1 through 97 cover all goods in trade and incorporate in the tariff nomenclature the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description. Subordinate 8-digit product subdivisions, either enacted by Congress or proclaimed by the President, allow more narrowly applicable duty rates; 10-digit administrative statistical reporting numbers provide data of national interest. Chapters 98 and 99 contain special U.S. classifications and temporary rate provisions, respectively. The HTS replaced the **Tariff Schedules of the United States** (TSUS) effective January 1, 1989.

Duty rates in the **general** subcolumn of HTS column 1 are most-favored-nation (MFN) rates, many of which have been eliminated or are being reduced as concessions resulting from the Uruguay Round of Multilateral Trade Negotiations. Column 1-general duty rates apply to all countries except those enumerated in HTS general note 3(b) (Afghanistan, Cuba, Laos, North Korea, and Vietnam), which are subject to the statutory rates set forth in **column 2**. Specified goods from designated MFN-eligible countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the **special** subcolumn of HTS rate of duty column 1 or in the general notes. If eligibility for special tariff rates is not claimed or established, goods are dutiable at column 1-general rates. The HTS does not enumerate those countries as to which a total or partial embargo has been declared.

The **Generalized System of Preferences** (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 for 10 years and extended several times thereafter, applies to merchandise imported on or after January 1, 1976 and before the close of June 30, 1998. Indicated by the symbol "A", "A*", or "A+" in the special subcolumn, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 4 to the HTS.

The **Caribbean Basin Economic Recovery Act** (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984. Indicated by the symbol "E" or "E*" in the special subcolumn, the CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries, as set forth in general note 7 to the HTS.

Free rates of duty in the special subcolumn followed by the symbol "IL" are applicable to products of Israel under the **United States-Israel Free Trade Area Implementation Act** of 1985 (IFTA), as provided in general note 8 to the HTS.

Preferential nonreciprocal duty-free or reduced-duty treatment in the special subcolumn followed by the symbol "J" or "J*" in parentheses is afforded to eligible articles the product of designated beneficiary countries under the **Andean Trade Preference Act** (ATPA), enacted as title II of Public Law 102-182 and implemented by Presidential Proclamation 6455 of July 2, 1992 (effective July 22, 1992), as set forth in general note 11 to the HTS.

Preferential or free rates of duty in the special subcolumn followed by the symbol "CA" are applicable to eligible goods of Canada, and rates followed by the symbol "MX" are applicable to eligible goods of Mexico, under the **North American Free Trade Agreement**, as provided in general note 12 to the HTS and implemented effective January 1, 1994 by Presidential Proclamation 6641 of December 15, 1993. Goods must originate in the NAFTA region under rules set forth in general note 12(t) and meet other requirements of the note and applicable regulations.

Other special tariff treatment applies to particular **products of insular possessions** (general note 3(a)(iv)), **products of the West Bank and Gaza Strip** (general note 3(a)(v)), goods covered by the **Automotive Products Trade Act (APTA)** (general note 5) and the **Agreement on Trade in Civil Aircraft (ATCA)** (general note 6), **articles imported from freely associated states** (general note 10), **pharmaceutical products** (general note 13), and **intermediate chemicals for dyes** (general note 14).

The **General Agreement on Tariffs and Trade 1994** (GATT 1994), pursuant to the Agreement Establishing the World Trade Organization, is based upon the earlier GATT 1947 (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) as the primary multilateral system of disciplines and principles governing international trade. Signatories' obligations under both the 1994 and 1947 agreements focus upon most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, dispute settlement, and other measures. The results of the Uruguay Round of multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX.

Pursuant to the **Agreement on Textiles and Clothing (ATC)** of the GATT 1994, member countries are phasing out restrictions on imports under the prior "Arrangement Regarding International Trade in Textiles" (known as the **Multifiber Arrangement (MFA)**). Under the MFA, which was a departure from GATT 1947 provisions, importing and exporting countries negotiated bilateral agreements limiting textile and apparel shipments, and importing countries could take unilateral action in the absence or violation of an agreement. Quantitative limits had been established on imported textiles and apparel of cotton, other vegetable fibers, wool, man-made fibers or silk blends in an effort to prevent or limit market disruption in the importing countries. The ATC establishes notification and safeguard procedures, along with other rules concerning the customs treatment of textile and apparel shipments, and calls for the eventual complete integration of this sector into the GATT 1994 over a ten-year period, or by Jan. 1, 2005.

Rev. 8/12/97

APPENDIX B

**SELECTED PORTIONS OF THE
HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES**

(Appendix not included in the electronic version of this report.)

105TH CONGRESS
1ST SESSION

H. R. 1304

To provide for the temporary suspension of duty on certain plastic web sheeting.

IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 1997

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

A BILL

To provide for the temporary suspension of duty on certain plastic web sheeting.

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 PLASTIC WEB SHEETING.**

4 Subchapter II of chapter 99 of the Harmonized Tar-
5 iff Schedule of the United States is amended—

6 (1) by adding at the end of the U.S. notes
7 thereto the following new note:

8 “13. For purposes of heading 9902.56.03, the term
9 ‘nonwoven fiber sheet’ means sheet comprising a
10 highly uniform and random array of polyester fibers

1 0.5 to 6.0 denier, thermally bonded, calendered into
 2 a smooth surface web having—

3 “(a) a thickness of 2.0 to 5.0 mils;

4 “(b) a basis weight of 60 to 100 grams per sq.
 5 meter;

6 “(c) a machine tensile strength of 4.0 kg. per 15
 7 mm or greater;

8 “(d) a low cross-direction tensile strength of 1.0 kg.
 9 per 15 mm or greater;

10 “(e) a Frazier air permeability of 0.5 to 20 cfm per
 11 sq. ft.;

12 “(f) a roll width of no greater than 41 inches; and

13 “(g) a roll length of no greater than 2,200 meters.”;
 14 and

15 (2) by inserting in numerical sequence the fol-
 16 lowing new heading:

“	9902.56.03	Nonwoven fiber sheet (provided for in subheading 5603.13.00)	Free	No change	No change	On or before 12/31/99	”.
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17 **SEC. 2. APPLICABILITY.**

18 The amendments made by section 1 apply to goods
 19 entered, or withdrawn from warehouse for consumption,
 20 on or after the 15th day after the date of the enactment
 21 of this Act.

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