



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)):

Acrylic fiber tow containing 92 percent or more by weight of acrylonitrile units, from 200 to 600 ppm of sodium and no organic solvent, the foregoing wound into spools each containing 24,000 filaments (plus or minus 10 percent) and with average filament measuring 1.3 decitex (plus or minus 0.15 decitex) (provided for in subheading 5501.30.00)

(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 to make carbon fibers for a variety of commercial and industrial applications, including fly rods, compressed natural gas cylinders, automotive applications, and flat screen electronics. Imports are primarily from Japan. Opposition to this bill is noted below in the Contacts table.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	5501.30.00				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty (%) or percentage point reduction	7.5	7.5	7.5	7.5	7.5
Estimated value of <i>dutiable</i> imports (\$)	4,000,000	4,200,000	4,400,000	4,600,000	4,800,000
Customs revenue loss (\$)	300,000	315,000	330,000	345,000	360,000

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 other HTS headings.

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	SGL Carbon Fibers, LLC (Interested entity) Scott Carlton	704-593-5195	No	No	No
2	American Fiber Manufacturers Association Frank Horne	404-266-0764	No	No	No
3	American Manufacturing Trade Action Coalition Sara Beatty	202-452-0866	No	No	No
4	Hexcel Corporation Tom Haulik	864-868-4289	Yes	Yes	Yes
5	National Council of Textile Organizations Mike Hubbard	704-215-4540	No	No	No
6	Sterling Fibers, Inc. Suzie Allender	850-994-5311	No	No	No
7	Toho Tenax America, Inc. Rob Klawonn	865-354-5512	No	No	No
8	Toray Carbon Fibers, Inc. Greg Clemons	256-260-1004	No	No	No
9	Zoltek Zsolt Rumy	314-291-5110	No	Yes	Yes



June 19, 2012

Kimberlie Freund
US International Trade Commission
Washington, DC 20910

Dear Ms. Freund:

On behalf of the Hexcel Corporation, I am writing to express strong opposition to three miscellaneous tariff bills (MTBs), HR 5160; HR 5161 and HR 5162. Each of these bills would temporarily suspend duties on certain acrylic fiber tow that is used as a precursor in the production of carbon fiber.

As you may know, Hexcel is a major domestic manufacturer of specialty materials and composites that are made from carbon fibers. We are vertically integrated in that that our U.S. facilities produce the essential acrylic precursor that we further process into various finished carbon fiber products.

The specific products covered by the three bills listed above would compete directly with items that we produce at our manufacturing facility in Decatur, Alabama. As a result, we would object to the inclusion of these three bills in any MTB package compiled by Congress. We request that you note our objection to each bill and include our objection in your report to the Congressional committees that have jurisdiction over the MTB process.

Thank you for your attention to our request and please feel free to contact me if you have any specific questions related to our position on these bills.

Sincerely,

Tom Haulik

Carbon Fiber Sales Manager

tom.haulik@hexcel.com

864-868-4289

From: Zsolt Romy [<mailto:zrumy@zoltek.com>]
Sent: Thursday, June 14, 2012 5:30 PM
To: Freund, Kimberlie
Subject: RE: Request for comment on certain acrylic tow bills

Hallo again Kimberly,

This is the same problem as I had with all the previous attempts at introducing a specially directed exemption to duties. The products listed on your chart are specific to certain products, not generic enough to cover imports of precursor for all carbon fiber producers. The WY congressman represents SGL, a German company, and approval of his request would favor a foreign company over Zoltek, a US company I definitely object to that.

On the other hand, I am in favor of allowing duty free status of all acrylic fiber precursor and oxidized acrylic fiber that would allow all carbon fiber manufacturers in the US the same competitive position. This would be fair to everyone since there are no US producers of acrylic fibers at all. So having a protective tariff that protects no one makes no sense. However, giving privilege of free tariff position for foreign companies that would penalize US companies is even worse.

If you are interested, I would be happy to provide you a generic description for these product that would cover all of the carbon fiber producers precursor and oxidized acrylic fibers.

I expect that we will be importing up to approximately \$50 million from non-NAFTA countries in the next five years.

I hope this helps. If I need to send my objection in a letter form, Please let me know.

Zsolt

112TH CONGRESS
2D SESSION

H. R. 5160

To suspend temporarily the duty on certain acrylic fiber tow.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2012

Mrs. LUMMIS introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To suspend temporarily the duty on certain acrylic fiber
tow.

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 ACRYLIC FIBER TOW.**

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	Acrylic fiber tow containing 92 percent or more by weight of acrylonitrile units, from 200 to 600 ppm sodium and no organic solvent, the foregoing wound into spools each containing 24,000 filaments and with average filament measuring 1.3 decitex (plus or minus 0.15) (provided for in subheading 5501.30.00) ...	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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