



## 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/](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)):

Multiple (folded) or cabled cotton yarn of combed fibers (other than sewing thread), containing 85 percent or more by weight of cotton, not put up for retail sale, gassed and mercerized, exceeding 14 metric number but not exceeding 43 metric number per single yarn (provided for in subheading 5205.42.00)

(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 product is gassed and mercerized cotton yarn used in lightweight men's knitwear and outerwear products, including vests, sweaters, polo shirts, and blouson jackets. The yarns are also used in trim on garments. The mercerization process adds luster to the yarns and increases their strength. Gassing removes stray fibers and improves the yarns' appearance. These yarns are primarily imported from Italy.

## IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	5205.42.00				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	6.5	6.5	6.5	6.5	6.5
Estimated value of <i>dutiable</i> imports (\$)	150,000	150,000	150,000	150,000	150,000
Customs revenue loss (\$)	9,750	9,750	9,750	9,750	9,750

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 was modified for greater consistency with the relevant permanent HTS provisions.

The National Council of Textile Organizations (NCTO) explained that while the U.S. industry does not perform gassing and mercerization activities, and therefore does not make the subject yarns, it does make other cotton yarns classified under HTS subheading 5205.42.00. NCTO is concerned that U.S. industry could be harmed if U.S. Customs and Border Protection is unable to distinguish gassed and mercerized cotton yarns from other cotton yarns at the time of entry. NCTO's statement is

attached. Customs officials have not commented on this point, and it would seem likely that ascertaining whether a particular cotton yarn of this subheading has been gassed or mercerized could be difficult, even with testing.

**VI. Continuation**

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## 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	Knitcraft Corporation (Interested entity) Mary J. Bergin	507-454-1163	No	No	No
2	Buhler Yarns Werner Bieri	706-367-3900	No	No	No
3	Meridian Specialty Yarn Group Ginny McCallie	423-886-5225	No	No	No
4	National Council of Textile Organizations Mike Hubbard	704-215-4540	No	Yes	No
5	Parkdale Mills Doug Woolweaver	704-874-5145	No	No	No

## Gaffney, Shannon

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**Subject:** FW: comments on HR 5700 and 5701

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**From:** Mike Hubbard [<mailto:MHubbard@ncto.org>]

**Sent:** Wednesday, June 20, 2012 3:44 PM

**To:** Jones, Jackie

**Cc:** Sarah Pierce

**Subject:** comments on HR 5700 and 5701

Jackie,

NCTO would like to comment on HR 5700 and HR 5701 by Rep. Paulsen for mercerized cotton yarn. This process has not been available for yarn in the U.S. when R.L. Stowe Mills ceased operations. The basic yarn covered in this bill is readily available in the U.S. from numerous companies. We do not oppose these bills provided that Customs is able to ensure that only mercerized/gassed yarn enters under these provisions. If these bills are not enforced, the damage to the U.S. yarn industry would be felt among all U.S. cotton ring spinners.

Thank you for providing us this opportunity to comment.

Mike Hubbard

**Mike Hubbard**

**National Council of Textile Organizations**

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112TH CONGRESS  
2D SESSION

# H. R. 5701

To suspend temporarily the duty on certain cotton yarn of combed fibers.

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IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2012

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

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## A BILL

To suspend temporarily the duty on certain cotton yarn  
of combed fibers.

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 COTTON YARN OF COMBED FIBERS.**

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	Cotton yarn (other than sewing thread), containing 85 percent or more by weight of cotton, not put up for retail sale, consisting of multiple (folded) or cabled yarn, of combed fibers gassed and mercerized, exceeding 14nm but not exceeding 43nm per single yarn (provided for in subheading 5205.42.00) .....	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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