



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)):

Diaper shells with an outer layer of water-resistant laminated knitted fabric of polyester and a lining of mesh fabric wholly of polyester, the foregoing designed to hold removable pads to absorb moisture, with elastic at the back and around the leg openings and with snaps to adjust the shell's fit, whether or not with a front panel of nylon loop material to receive fabric tabs and hook-and-loop fasteners (provided for in subheading 6111.30.50)

(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 cloth diaper shells, with an outer layer of water-resistant laminated polyester fabric and a polyester mesh lining. The shells, which are designed to hold absorbent diaper pads, have elastic at the back and leg openings and are fitted with snaps for closure and adjustment. China is the primary source of imports. Opposition to this bill is noted below in the Contacts table.

IV. Estimated effect on customs revenue

| Subject product HTS subheading(s) | 6111.30.50 | | | | |
|--|------------|---------|---------|---------|---------|
| Item | 2013 | 2014 | 2015 | 2016 | 2017 |
| Col.1-general rate of duty or percentage point reduction (%) | 16 | 16 | 16 | 16 | 16 |
| Estimated value of <i>dutiable</i> imports (\$) | 115,000 | 150,000 | 180,000 | 220,000 | 240,000 |
| Customs revenue loss (\$) | 18,400 | 24,000 | 28,800 | 35,200 | 38,400 |

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

Following discussions with U.S. Customs and Border Protection concerning the classification of the subject products, the HTS subheading was changed to 6111.30.50, as set forth above.

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 | The Natural Baby Company (Interested entity) Jeff Batton | 406-522-0800 | No | No | No |
| 2 | All Together Enterprises Dennis Frederick | 877-215-9004 | No | No | No |
| 3 | American Manufacturing Trade Action Coalition Sara Beatty | 202-452-0866 | No | No | No |
| 4 | Bummi Shirley Murdoch | 514-289-9855 | No | Yes | Yes |
| 5 | Cotton Babies Jennifer Labit | 888-332-2243 | No | No | No |
| 6 | Cutey Baby, LLC Ada Vaughn | 630-440-6501 | No | No | No |
| 7 | Firefly Diapers Marc Pehkonen | 801-282-6895 | No | No | No |
| 8 | Geffen Baby Sharona Kahen | 323-588-3000 | No | No | No |
| 9 | Green Textile John Simon | 864-595-9900 | No | No | No |
| 10 | Happy Heinys Linda Byerline | 619-258-6867 | No | No | No |
| 11 | Loveybums Pam Lewis | 413-253-0511 | No | No | No |
| 12 | Luvaboos Heather Holt | 585-319-4981 | No | No | No |
| 13 | National Council of Textile Organizations Mike Hubbard | 202-822-8026 | No | No | No |
| 14 | National Textile Association David Trumbull | 617-542-8220 | No | No | No |
| 15 | Orange Diaper Company Jennifer Rosenberg | 757-204-4814 | Yes | Yes | Yes |
| 16 | Pro Service Inc. Mark Anderson | 800-397-8594 | No | No | No |
| 17 | Real Diaper Industry Association Mandi Meidlinger | 607-339-7579 | Yes | Yes | Yes |
| 18 | Regal Lager Dave Milligan | 800-593-5522 | No | No | No |

| | # | Firm/organization and contact name | Telephone number | Claims same or competing product made in the United States | Submission attached | Opposition noted |
|--|----|---|------------------|--|---------------------|------------------|
| | 19 | Rumparooz Julie Ekstrom | 303-279-3864 | No | No | No |
| | 20 | SEAMS Sarah Friedman | 803-772-5861 | No | No | No |
| | 21 | SoftBums Sarah Van Bogart | 612-216-4213 | No | No | No |
| | 22 | Thirsties, Inc. Sadler Merrill | 888-315-2330 | Yes | Yes | Yes |
| | 23 | Tiny Tush LLC Charlene Foster | 608-356-2500 | Yes | Yes | Yes |
| | 24 | Triple 8 Corporation (Swaddlebees and Blueberry Diapers) Casey McClure | 865-671-6849 | Yes | Yes | Yes |
| | 25 | Wade Manufacturing Bernie Hodges | 704-694-2131 | No | No | No |

Colby, Heidi

From: Colby, Heidi
Sent: Thursday, July 19, 2012 9:53 AM
To: Colby, Heidi
Subject: FW: one more note...

From: Jen ~ Orange Diaper Co [<mailto:jennifer@orangediaperco.com>]
Sent: Thursday, July 19, 2012 9:43 AM
To: Colby, Heidi
Subject: Re: one more note...

Hi Heidi,

Orange Diaper Company is a domestic manufacturer of cloth baby diapers and accessories and we are opposed to H.R 5496, S. 2876, S. 2877, and S. 2878.

Sincerely,
Jennifer Rosenberg
Owner, Orange Diaper Company

www.orangediaperco.com
naturally sweet from the bottom up
toll free 1.866.803.5281
local 757.204.4814

From: Mandi @ Jillian's Drawers [mailto:mandi@jilliansdrawers.com]

Sent: Friday, July 27, 2012 2:18 PM

To: Colby, Heidi

Subject: Re: Request for consideration of Miscellaneous Tariff Bills on sanitary products, diapers, and the like

Heidi,

The Real Diaper Industry Association would like to make the following statement:

The Real Diaper Industry Association, an association of cloth diaper manufacturers, retailers, and diaper services, opposes Bill No.: S. 2875, Bill No.: S. 2876, Bill No.: S. 2877, Bill No.: S. 2878, Bill No.: S. 2545, and Bill No.: H.R. 5496. We have members that manufacture these products in the United States and would be harmed by the removal of these tariffs.

We encourage future discussions on these tariff bills. We understand the issues are complex. Unfortunately, RDIA was not part of the original wording of these bills, otherwise we could have had these discussions before.

Thank you,
Mandi Meidlinger

Real Diaper Industry Association, Chair
Jillian's Drawers, President
www.JilliansDrawers.com
171 E. State Street, Ithaca, NY
607.272.1237 / 800.516.2991

From: Sadler Merrill [mailto:Sadler@thirstiesbaby.com]

Sent: Tuesday, July 24, 2012 4:11 PM

To: Colby, Heidi

Subject: RE: Request for consideration of Miscellaneous Tariff Bills on sanitary products, diapers, and the like

Hello Heidi,

Thank you for the email informing us of the proposed legislation. We would love to register our opposition. We are greatly concerned because if these bills pass it could negatively affect all domestic manufacturers in our industry. If they do pass it would increase margins for the companies who import, enabling them to spend more on marketing, product development or lower their prices, thereby making it all the more difficult for the domestic manufacturers to be competitive and sustainable. In my opinion, removal of such tariffs is not only concerning to companies in our industry, but to all domestic manufacturers and for the overall U.S. economy. Bills such as these do not protect the American worker but rather encourage companies to manufacture abroad and eliminate domestic jobs. Considering the state of our economy, I am not sure why anyone would propose bills such as this. I really don't understand the motivation or the intended benefit here.

Our company, Thirsties Inc. (www.thirstiesbaby.com) has been in business for 8 years. We manufacture our products in the USA and source our materials almost entirely from USA sources. Why do we go through so much trouble to maintain our manufacturing home? Because (a) we believe in rewarding the skills and talents of our fellow Americans; (b) because we aim to reduce the distance our diapers travel from yarn to diaper, thereby greatly reducing the carbon footprint of our manufacturing and distribution process; (c) because we want to do our part to rebuild domestic industry; (d) because we know that the only way to truly monitor quality – from raw goods to final product - is to build individual and mutually beneficial relationships with each and every one of our suppliers and sewers.

We recently invested in a textile cutting machine to support our manufacturing. This investment cost us more than \$100,000. 3 years ago there were 18 machines like ours in Colorado, now there are zero. Removing tariffs on imports supports this trend and will only encourage exportation of more manufacturing jobs.

We have over 500 juvenile product retailers in the USA that sell our products. Through surveys we have learned that many of our retail partners and end-user customers choose Thirsties cloth diapers because we are made in the USA. We have 11 employees and the sewing company we work with in Denver, CO has more than 20 sewers. Further, we work with 17 raw material suppliers who also manufacture (knit) their products in the USA. If there was duty-free treatment of imported cloth diapers it would be even harder for any company to manufacture cloth diapers domestically and be competitive on pricing, thereby putting the jobs of all those who are indirectly or directly employed by Thirsties at risk. Imports are already less expensive. I can't understand why we need to reduce their costs even more and amplify the disadvantages of manufacturing in the USA.

Please let me know if you need any additional information.

Thank you,

Sadler Merrill | Thirsties, Inc.

O: 888-315-2330 ext. 2

-----Original Message-----

From: Charlene [mailto:charlene@tinytush.com]

Sent: Monday, July 23, 2012 2:58 PM

To: Colby, Heidi

Subject: RE: Request for consideration of Miscellaneous Tariff Bills on sanitary products, diapers, and the like

Hello my name is Charlene Foster owner of Tiny Tush Natural Baby Products we manufacture cloth diapers in the USA. I would like wish to register opposition again the Senate bills 2875, 2876, 2877, and 2878 and House Resolution 5496 will cause loss of job in the USA. We make diapers , diaper inserts (pads) and diaper covers (shells)that is described in each of these bills.

All the best,
Charlene

Charlene Foster / CEO
charlene@tinytush.com
608-768-8874

From: Casey McClure [mailto:casey@swaddlebees.com]
Sent: Monday, July 23, 2012 11:14 AM
To: Colby, Heidi
Subject: Re: URGENT: Needs addressing by July 23rd!!

Heidi:

Thank you for your response. Yes, you are correct. I confirm that Triple 8 Corporation, oppose all of the bills (that is, S. 2575 H.R. 5496, S. 2875, S. 2876, S. 2877, S. 2878) .

Please let me know if you have any further questions.

Best regards,

Casey McClure
Director of Sales, Swaddlebees and Blueberry Diapers
11145 Outlet Drive
Knoxville, TN 37932
USA

On Fri, Jul 20, 2012 at 4:38 PM, <Heidi.Colby@usitc.gov> wrote:

Casey,

Thank you for your input, which I will attach to my report. May I confirm that you oppose all of the bills (that is, S. 2575 H.R. 5496, S. 2875, S. 2876, S. 2877, S. 2878) or only certain ones?

Regards,

Heidi

From: Casey McClure [casey@swaddlebees.com]
Sent: Friday, July 20, 2012 2:34 PM
To: Colby, Heidi
Subject: Re: URGENT: Needs addressing by July 23rd!!

Heidi:

1. Tell USITC if you produce cloth diapers in the U.S: Yes, we do produce diapers domestically inside the US
2. Tell USITC if you are opposed to proposed legislation to remove import duties on diapers: As a company we are opposed to removing import duties on diapers.
3. Provide a statement of opposition in writing. (Email is fine.) Our company, Triple 8 Corporation, doing business as Swaddlebees and Blueberry Diapers, produce all of our diapers here in the United States. We support about 30 US jobs with our production and this is very fundamental to our competitive advantage. As it stands now, US made goods are more expensive due to the US labor laws, but we are able to recoup some of that cost by advertising being made in the USA. If a company makes their products overseas and brings them over duty free, then

what motivation do they have to help the US economy. I know they will say we have a support staff stateside and they support all the domestic Retailers, but it is doing nothing to grow US manufacturing jobs. We have been in business since 2005 and we have looked at overseas production, and even tried it once, but to us, working with a local manufacturer and the benefits it brings, far outweigh the cost savings. For these basic reasons, we oppose suspending/ending tariffs on diaper imports.

Please let me know if you require anything else.

Thank you and have a fantastic day!!!

Best regards,

Casey McClure
Director of Sales, Swaddlebees and Blueberry Diapers
11145 Outlet Drive
Knoxville, TN 37932
USA

From: Shirley [mailto:shirley@bummis.com]
Sent: Tuesday, July 24, 2012 1:51 PM
To: Colby, Heidi
Subject: RE: Miscellaneous tariff bills

Hello Heidi,

We produce cloth diapers using predominantly U.S. made fabric and object to HR 5496, S 2875, S 2876, S 2877, and S 2878. We also employ American citizens in our US warehouse.

Removing tariffs for imports as described above, will smash the efforts of those manufacturers that are attempting to rebuild textile manufacturing in the USA. The only things protecting their valiant efforts were tariffs on imported goods, the rising costs in China and the desire of Americans to buy locally made products. We, who produce with American made textiles and components will never be able to compete with duty free products being imported into the USA and thus will no longer be able to use American made components. We will be forced to close our manufacturing or to produce with off shore product.

We are strongly against these bills as we have fought hard to maintain our manufacturing in North America and our top suppliers in our supply chain are in the USA

Additionally, these bills leave one item still with tariffs, prefold cotton diapers. These are the one item on the list NOT made in the USA and yet they are the one item left with tariffs, this is nonsensical. If these do go through, these diapers should be also tariff free.

Thank you,
Shirley Murdock
Vice President
Bummi Inc.

112TH CONGRESS
2D SESSION

S. 2878

To suspend temporarily the duty on diaper shells each having a water-resistant outer layer of laminated knitted fabric of polyester and a lining of mesh fabric wholly of polyester.

IN THE SENATE OF THE UNITED STATES

MAY 8, 2012

Mr. BAUCUS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To suspend temporarily the duty on diaper shells each having a water-resistant outer layer of laminated knitted fabric of polyester and a lining of mesh fabric wholly of polyester.

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. DIAPER SHELLS EACH HAVING A WATER-RE-**
4 **SISTANT OUTER LAYER OF LAMINATED KNIT-**
5 **TED FABRIC OF POLYESTER AND A LINING**
6 **OF MESH FABRIC WHOLLY OF POLYESTER.**

7 (a) IN GENERAL.—Subchapter II of chapter 99 of
8 the Harmonized Tariff Schedule of the United States is

1 amended by inserting in numerical sequence the following
 2 new heading:

| | | | | | | | |
|---|------------|---|------|-----------|-----------|-------------------------|----|
| “ | 9902.01.00 | Diaper shells each having a water-resistant outer layer of laminated knitted fabric of polyester and a lining of mesh fabric wholly of polyester, the foregoing designed to hold removable pads to absorb moisture, with elastic at the back and around the leg openings and with snaps to adjust the shell's fit, whether or not with front panel of nylon loop material to receive fabric “wings” and hook-and-loop fasteners (provided for in subheading 9619.00.41) ... | Free | No change | No change | On or before 12/31/2015 | ”. |
|---|------------|---|------|-----------|-----------|-------------------------|----|

3 (b) EFFECTIVE DATE.—The amendment made by
 4 subsection (a) applies with respect to goods entered, or
 5 withdrawn from warehouse for consumption, on or after
 6 the 15th day after the date of the enactment of this Act.

○