

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: December 20, 2005]²

Bill No. and sponsor: H.R. 3114 (Mr. Mark S. Kirk of Illinois).

Proponent name, location: The Bradford Group, Niles, IL.

Other bills on product (109th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2008.

Retroactive effect: None.

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

Flags (other than national flags of any country or flags of any state or other subordinate governmental entity), put up for mail order retail sale, and each weighing not over 1.36 kg together with retail packaging (provided for in subheading 6307.90.98).

Check one: Same as that in bill as introduced.
 Different from that in bill as introduced (see Technical comments section).

Product information, including uses/applications and source(s) of imports:

The bill, as drafted, would cover all types of flags, including national flags of the United States and other nations; state flags; flags identifying schools, colleges, businesses and other organizations; and decorative or seasonal flags and banners. However, the proponent of the legislation states that the bill is intended only for seasonal or decorative flags and is not meant to encompass sets of flags, and these limiting statements are reflected in the language set forth above. The subject flags are imported in final retail packaging for mail order delivery to consumers, with total product and packaging weight not exceeding 1.36 kilograms (approximately 3 pounds). The seasonal flags are treated for outdoor use and are made of either nylon or polyester textile materials. According to industry sources, China is the largest source of imports.

Estimated effect on customs revenue:

Concerning the bill as drafted, estimated revenue losses have been calculated using official Government statistics for statistical reporting numbers 6307.90.9825 (national flags of the United States), 6307.90.9835 (national flags of other nations), and 6307.90.9889 (nonenumerated made-up articles of textile materials). Decorative flags (including seasonal flags) are a small part of a wide range of goods

¹ Industry analyst preparing report: Andrea Boron (202-205-3433); Tariff Affairs contact: Janis Summers (202-205-2605).

² An electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm

included in statistical reporting number 6307.90.9889. The share of total imports under HTS subheading 6307.90.9889 accounted for by the subject flags cannot be determined, but subject imports likely represent a very small share of imports. If the bill is limited in scope as indicated above, the import totals would drop by at least \$8 million, the combined dutiable value imported under the two national flag categories. Dutiable imports from China in 2004 under HTS 6307.90.9889 were approximately \$741.4 million of total dutiable imports of about \$876.4 million, and only a small portion of those imports is likely to have comprised the subject flags and a smaller portion those presented to Customs already put up in mail order retail packaging. No estimated import data for the product scope set forth on page 1 are available from the proponent or other industry sources.

HTS subheading: 6307.90.98					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty					
Col. 1-General rate of duty	7.0%	7.0%	7.0%	7.0%	7.0%
Estimated value <i>dutiable</i> imports ^{1/}	\$884,400,000	\$884,400,000	\$884,400,000	\$884,400,000	\$884,400,000
Customs revenue loss	\$61,908,000	\$61,908,000	\$61,908,000	\$61,908,000	\$61,908,000

^{1/} Includes dutiable imports under HTS 6307.90.9825, 6307.90.9835, and 6307.90.9889.

Source of estimated dutiable import data: Official U.S. Government statistics.

Contacts with domestic firms/organizations (including the proponent):

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
The Bradford Group Mr. Joel Platt, 847-581-8351	11/01/2005	No	No	No
Annin & Company 1-800-825-3524	11/09/2005	No	No	No
Banner, Flag & Graphics Association (Industrial Fabric Association International) Jan Schlieffer, 651-222-2508	11/09/2005	No	No	No
Flag Manufacturer's Association of America Melissa Baldwin, 856-439-0500	11/09/2005	No	No	No
National Textile Association David Trumbull, 617-524-8220	11/09/2005	No	No	No

Technical comments:³

It is suggested that, in order to achieve the intent of the proponent, the proposed article description should be modified to read as shown on page 1 of this report. We note that the expression “put up for mail order retail sale” would require interpretation, and we are willing to work with Customs and the proponent if additional clarification is considered desirable. Last, we note that Customs recognizes as goods sent by “mail” only those goods being sent through the United States Postal Service or other national postal services.⁴

³ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

⁴ See www.cbp.gov, definition of “mail” versus “shipping”; the latter is considered to refer to commercial services for transferring goods.

109TH CONGRESS
1ST SESSION

H. R. 3114

To suspend temporarily the duty on certain flags.

IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2005

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

A BILL

To suspend temporarily the duty on certain flags.

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 FLAGS.**

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:

“	9902.09.56	Flags, whether or not put up in sets, put up for mail order retail sale, and each weighing not over 1.36 kg together with their retail packaging (provided for in subheading 6307.90.98)	Free	No change	No change	On or before 12/31/2008	”.
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1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) applies to articles entered, or withdrawn
3 from warehouse for consumption, on or after the 15th day
4 after the date of the enactment of this Act.

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