

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress¹**

[Date approved: May 6, 2008]²

Bill No. and sponsor: H.R. 2456 (Mr. Lincoln Davis of Tennessee).

Proponent name,³ location: Toho Tenax America, Inc., Rockford, Tennessee.

Other bills on product (110th Congress only): None.⁴

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

Retroactive effect: None.

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

- 9902.06.41 Acrylic filament tow (polyacrylonitrile tow) containing by weight 95 percent (plus or minus 0.5 percent) of acrylonitrile and not more than 0.5 percent of zinc, not crimped, containing 312,000 filaments each having an average decitex of 1.67 (plus or minus 0.11) (provided for in HTS subheading 5501.30.00)
- 9902.06.42 Acrylic filament tow (polyacrylonitrile tow) containing by weight 95 percent (plus or minus 0.5 percent) of acrylonitrile and not more than 0.5 percent of zinc, not crimped, containing 320,000 filaments each having an average decitex of 1.33 (plus or minus 0.11) (provided for in HTS subheading 5501.30.00)
- 9902.06.43 Acrylic filament tow (polyacrylonitrile tow) containing by weight 96 percent (plus or minus 0.5 percent) of acrylonitrile and not over 1 percent of water, not crimped or twisted, containing 24,000 filaments each having an average decitex of 1.2 (plus or minus 0.03) (provided for in HTS subheading 5501.30.00)

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

¹ Industry analyst preparing report: Vincent DeSapio (202-205-3435) and Donald Sussman (202-205-3331); Tariff Affairs contact: Jan Summers (202-205-2605).

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

³ The sponsor/proponent did not identify any additional beneficiaries of this bill.

⁴ Several bills (H.R. 4433, 4434, 4435, 4465, and 4470) cover crimped fiber tow; H.R. 4439 covers acrylic or modacrylic filament tow.

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

Filament tow is “a large strand of continuous manufactured fiber filaments . . . collected in a loose, rope-like form.”⁵ Acrylic tow is made from a polymer containing at least 85 percent by weight of acrylonitrile units. Modacrylic tow is made from a polymer containing more than 35 percent but less than 85 percent by weight of acrylonitrile units. The filaments are produced by either dry or wet spinning. In dry spinning, the material is dissolved in a solvent and extruded through a spinneret; the solvent is then evaporated, leaving long continuous filaments. In wet spinning, the solution is extruded through the spinneret into a liquid coagulating bath to form filaments. The filaments are grouped into tow, which is then stretched to break the filament into fibers of varying lengths. Acrylic and modacrylic tow may be sold in a natural state (no color added), pigment-dyed (color added when the fiber is still in a molten form), or dyed (color added after the fibers are formed). Various other additives may be used during the production process, depending on the end-use characteristics desired. Acrylic and modacrylic filament tow can be used to produce staple fibers typically used in goods such as craft yarn, apparel, pile fabrics, upholstery fabrics, and home furnishings. Such tow may also be used in non-textile applications. The acrylic tow covered by this bill is used to produce oxydized pan fiber (OPF), which is a thermally stable material with excellent thermal and chemical resistance. OPF is used in protective clothing, sealing devices, friction products and protective coverings.

Acrylic tow is imported under HTS subheading 5501.30.00, which covers all acrylic or modacrylic filament tow. U.S. imports under HTS subheading 5501.30.00 totaled \$74 million (23.1 million kilograms) in 2007, with dutiable value of about \$60.9 million. Japan was the primary supplier of such fibers in 2007, followed by the United Kingdom, Portugal, and Turkey.

Estimated effect on customs revenue:

HTS subheading: 5501.30.00					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty					
Col. 1-General rate of duty	7.5%	7.5%	7.5%	7.5%	7.5%
Estimated value <i>dutiable</i> imports	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$20,000,000
Customs revenue loss 1/	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000

1/The same estimated import and revenue loss figures would likely apply to 2008, if the bill were in effect during this year.

Source of estimated dutiable import data: Commission estimates based on industry information.

⁵ Product definition from Hoechst Celanese, *Dictionary of Fiber & Textile Technology*, 1990, p. 165.

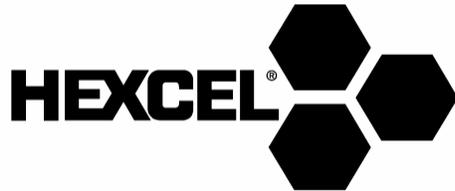
Contacts with domestic firms/organizations (including the proponent):

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Toho Tenax America, Inc. (Proponent) Sherree Broyles, 800-252-3001	11/5/2007	No	No	No
American Fiber Manufacturers Association Paul T. O'Day, 703-875-0432	11/29/2007	No	No	No
Hexcel Hugh McGillicuddy, 703-963-1438 Michael Bacal, 203-969-0666	12/06/2007	Yes	Yes	Yes
National Spinning Jim Chestnut, 252-975-7111	11/29/2007	No	No	No
National Council of Textile Organizations Mike Hubbard, 704-824-3522	11/29/2007	No	No	No
Sterling Fibers James Hagerott, 850-994-2618	11/29/2007	No	No	No
Toray Carbon Fibers America, Inc. Greg Clemons, Greg.Clemons@toraycfa.com	3/12/2008	Yes	Yes	Yes
William Barnet & Son, LLC Rob Vinolo, 864-576-7154 x 627	11/29/2007	No	No	No

Technical comments:⁶

The three proposed article descriptions lack any reference to a permanent HTS provision and are drafted in a somewhat confusing manner. It is therefore suggested that they be modified as shown on page 1, in order to be more consistent with other tariff provisions. We note that the bill as drafted would cover only the remainder of 2008. If it is intended that these duty suspensions continue in effect for a longer period, the expiration date would need to be modified, perhaps to read "On or before 12/31/2011".

⁶ 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.



U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Attn: TBD

Ladies and Gentlemen,

Hexcel Corporation (Hexcel) opposes the suspension of duty on certain acrylic fiber tows under House Resolution 2456. Specific categories where Hexcel opposes the suspension of duty are:

<u>USHTS</u>	<u>Description</u>
9902.06.41	Acrylic fiber tow (polyacrylonitrile tow), non crimped,
9902.06.42	Acrylic fiber tow (polyacrylonitrile tow), non crimped,
9902.06.43	Acrylic fiber tow (polyacrylonitrile tow), non crimped,

Hexcel Corporation, a US Corporation, manufactures polyacrylonitrile fiber at our Decatur, Alabama facility and convert it into carbon fiber products at our Salt Lake City, Utah facility. We employ approximately 100 employees at our Decatur, Alabama facility and an additional 200 employees at our Salt Lake City, Utah carbon fiber manufacturing operation.

Polyacrylonitrile fiber is a raw material that is consumed during the production of carbon fiber. The manufacturing process requires approximately two pounds of polyacrylonitrile fiber to manufacture one pound of carbon fiber.

If the suspension of duties is granted, carbon fiber producers will have an incentive to purchase off shore produced polyacrylonitrile fiber. US suppliers such as Hexcel Corporation, Toray Carbon Fibers America and Cytec Engineered Materials domestically produce polyacrylonitrile as well as carbon fiber. Suspension of the duties will allow certain carbon fiber manufacturers to lower product pricing, which will ultimately force US based suppliers to lower pricing and impact the profitability of production of carbon fiber in the US.

The US polyacrylonitrile production facilities represent a significant capital investment by each of the US based corporations and it is not economically feasible for the companies to change their raw material sourcing.

If you have any questions, please feel free to contact the undersigned.

Regards,

Hugh McGillicuddy
Director, Washington Affairs
Hexcel Corporation

110TH CONGRESS
1ST SESSION

H. R. 2456

To suspend temporarily the duty on certain acrylic fiber tow.

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2007

Mr. LINCOLN DAVIS of Tennessee 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. 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 headings:

“	9902.06.41	Acrylic fiber tow (polyacrylonitrile tow), non crimped, more than 13 cm wide sheet tow, containing 312,000 filaments and 25–35 percent water, such acrylic fiber containing 95 percent acrylonitrile (plus or minus 0.5), not more than 0.5 percent of Zinc and average filament denier of 1.67 decitex (plus or minus 0.11)	Free	No change	No change	On or before 12/31/2008	”
	9902.06.42	Acrylic fiber tow (polyacrylonitrile tow), non crimped, more than 13 cm wide sheet tow, containing 320,000 filaments and 25–35 percent water, such acrylic fiber containing 95 percent acrylonitrile (plus or minus 0.5), not more than 0.5 percent of Zinc and average filament denier of 1.33 decitex (plus or minus 0.11)	Free	No change	No change	On or before 12/31/2008	
	9902.06.43	Acrylic fiber tow (polyacrylonitrile tow), non crimped, no twisted and containing 24,000 filaments and not more than 1.0 percent water contents, such acrylic fiber containing 96 percent acrylonitrile (plus or minus 0.5), and average denier of 1.2 decitex (plus 0.03 or minus 0.03)	Free	No change	No change	On or before 12/31/2008	

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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