

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 111th Congress¹**

[Date approved: July 20, 2010]²

Bill No. and sponsor: S. 1705 (Mr. John Barrasso of Wyoming).

Proponent name,³ location: Carbon Fiber Technology LLC, Evanston, WY.

Other bills on product (111th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2011.⁴

Retroactive effect: None.

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

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

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:

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. Acrylic filament tow is used to produce staple fibers typically used in various textile end uses, such as yarns and fabrics, as well as in non-textile applications. Acrylic filament tow that is the subject of this bill is used to make carbon fibers for the industrial, civil aviation, recreation, and automotive industries. Most of the acrylic tow that is the subject of this bill is imported from Japan and the United Kingdom.

¹ Industry analyst preparing report: Kimberlie Freund (202-708-5402); Tariff Affairs contact: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.

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

⁴ HTS subheading 5501.30.00 was subject to a temporary duty reduction to 6.8 percent ad valorem through December 31, 2009, under heading 9902.10.21; two specific types of polyacrylonitrile filament tow not affected by this bill were eligible for duty-free entry under heading 9902.11.11 or 9902.11.12.

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

Estimated effect on customs revenue for the subject product classifiable in HTS subheading 5501.30.00:

	2010	2011	2012	2013	2014
Col. 1-General rate of duty	7.5%	7.5%	7.5%	7.5%	7.5%
Estimated value <i>dutiable</i> imports ^a	\$3,000,000	\$4,700,000	\$6,800,000	\$8,500,000	\$10,200,000
Customs revenue loss ^b	\$225,000	\$352,500	\$510,000	\$637,500	\$765,000

a/ Dutiable import estimates were provided by industry sources.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

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)	
Carbon Fiber Technology LLC (Proponent) Ron Wild, 307-789-2499	10/27/2009	No	No	No
American Fiber Manufacturers Association Paul O'Day, 703-875-0432	10/27/2009	No	No	No
Hexcel Michael Bacal, michael.bacal@hexcel.com	10/27/2009	No	No	No
National Council of Textile Organizations Missy Branson, mbranson@bransonthreesixty.com	10/27/2009	No	No	No
Sterling Fibers James Hagerott, fax 850-994-2579	10/27/2009	No	No	No
Toho Tenax America, Inc. Rob Klawonn, r.klawonn@tohotexan.com	11/09/2009	No	No	No
Toray Carbon Fibers, Inc. Greg Clemons, greg.clemons@toraycfa.com	11/09/2009	Yes	Yes	Yes
Zoltek Zsolt Rumy, 314-291-5110	11/10/2009	No	No	No

Technical comments:⁶

It is suggested that the proposed article description be amended as shown on page 1, to conform with normal HTS usage.

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.

E-Mail Submission to the Commission, November 18, 2009

Kimberlie,

I apologize for the lateness of my reply. I realize it is past your stated due date but I wanted to let you know my thoughts. Originally my company imported all of our precursor (acrylic tow). We paid duties on these items for over 10 years. I don't know the exact total, but I would say my company paid millions of dollars in duties on these imports. We made the decision to invest several hundred million dollars of capital and build these facilities on U.S. soil and employ American workers to produce this acrylic tow rather than import it. I would be opposed to any legislation that removes any duties on these items or any other items of acrylic tow. We buy acrylonitrile in the U.S. to produce our fiber. We pay U.S. taxes along with a tremendous amount of benefits for our employees. I find it unfair to reduce or remove these duties after we made the decision to invest and produce our goods here in the U.S. Let the other companies invest the capital as we did and employ American workers as we are and produce this acrylic tow in the U.S.

Please feel free to call on me if necessary. Again, I apologize for not getting back to you sooner.

Regards

Greg Clemons
Director of Administration
Toray Carbon Fibers America, Inc.
256-260-1004

111TH CONGRESS
1ST SESSION

S. 1705

To suspend temporarily the duty on certain acrylic fiber tow containing a minimum of 92 percent acrylonitrile.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 24, 2009

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

A BILL

To suspend temporarily the duty on certain acrylic fiber tow containing a minimum of 92 percent acrylonitrile.

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 CONTAINING A**
4 **MINIMUM OF 92 PERCENT ACRYLONITRILE.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of
6 the Harmonized Tariff Schedule of the United States is
7 amended by inserting in numerical sequence the following
8 new heading:

“	9902.01.00	Acrylic fiber tow (polyacrylonitrile tow) containing a minimum of 92 percent acrylonitrile by weight, 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 12/31/2011	”.
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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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