

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: February 23, 2010]²

Bill No. and sponsor: S. 1827 (Mr. Max Baucus of Montana).

Proponent name,³ location: Mother Moose Enterprises, Missoula, MT.

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

Nature of bill: Temporary duty suspension through December 31, 2011.

Retroactive effect: None.

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

Polyresin magnets, the foregoing not constituting festive articles (provided for in subheading 8505.19.30).

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 subject products are made of polyresin, including polyresin mixed with other substances such as ground stone, to which a magnet is attached. The polyresin is shaped into a particular form and often serves various decorative purposes. For example, in the case of the proponent's imports, it is shaped into U.S. wildlife caricatures, and names may be added to the front to represent various locations in the United States. Articles with holiday themes would be excluded from the proposed suspension; such "festive articles" are covered by HTS heading 9505. The principal import source for this product is China.

¹ Industry analyst preparing report: Andrew David (202-205-3368); 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 sponsor/proponent did not identify any additional beneficiaries of this bill. USITC identified three additional beneficiaries of this bill that were not identified by the sponsor/proponent, each of which submitted written representations that it would benefit from this bill. However, this is a product that could be imported by many small enterprises and, therefore, additional beneficiaries of this bill may exist.

Estimated effect on customs revenue for the subject product classifiable in HTS subheading 8505.19.30:

	2010	2011	2012	2013	2014
Col. 1-General rate of duty	4.9%	4.9%	4.9%	4.9%	4.9%
Estimated value <i>dutiable</i> imports ^a	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000	\$13,000,000
Customs revenue loss ^b	\$637,000	\$637,000	\$637,000	\$637,000	\$637,000

a/ Dutiable import estimates were based on official U.S. Government statistics, data provided by industry sources, and Commission estimates. This estimate is based on the best available data; however, due to the large number of importers and the broad scope of the tariff provision concerned, it is difficult to provide a more precise estimate of likely imports.

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)		
Mother Moose Enterprises (Proponent) Larry Kupper, 406-721-2698	11/05/2009	No	No	No
American Gift Corp. Hal Kluger, 305-884-6800, ext. 252	11/06/2009	No	No	No
Arnold Magnetic Technologies Rob Strahs, rstrahs@arnoldmagnetics.com	11/25/2009	No	No	No
History & Heraldry Steven Hall, steve.hall@historyandheraldry.com	11/10/2009	No	No	No
JCPenney Kathleen F. McGuigan, kfmcguig@jcpenney.com	11/09/2009	No	No	No
LEGO Group Nancy MacPherson, 860-763-6886	11/10/2009	No	No	No
Magnum Magnetics Tom Love, tom@magnummagnetics.com	11/06/2009	Yes	Yes	Yes
Target Corp. Toni Dembski, 612-696-2573	11/10/2009	No	No	No
Toys "R" Us Dan DeYoe, dan.deyoe@toysrus.com	11/10/2009	No	No	No

Technical comments:⁴

It is suggested that the article description of the new heading be worded as shown on page 1. We note that the article description of heading 8505 may not encompass magnets that are printed with the names of geographic places or with other words, and thus not all goods of interest to the proponent may be considered to enter under the referenced HTS subheading. Such goods would likely be classifiable in provisions for miscellaneous printed matter in chapter 49 and would enter the United States free of duty under the appropriate subheading. Because the interpretation of HTS provisions is solely within the authority of Customs and Border Protection, it is not possible for the Commission to be certain how each product imported by the proponents and other firms would be treated, making it difficult to ascertain the resulting impact on the estimated import data provided above.

⁴ 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.

From: Tom Love [Tom@magnummagnetics.com]
Sent: Tuesday, November 24, 2009 3:13 PM
To: David, Andrew
Subject: Senate Bill S 1827

Follow Up Flag: Follow up
Flag Status: Red

Andrew,

Thank you for bringing Senate Bill S 1827 to our attention. As you may know, Magnum Magnetics was recently successful in prosecuting a dumping case against flexible magnet imports from China and Taiwan. Our market was being severely damaged by low priced imports. Hundreds of jobs in multiple states hung in the balance of our dumping case.

A little background on us, our company was started on a corner of our family farm. With much risk, a lot of hard work and a little good luck, we were able to grow into the largest producer of flexible magnets in the world. However, we nearly lost it all to unfair competition from abroad. At greatly burdensome expense and a tremendous drain of additional resources, we fought a dumping case to insure the future of our business, our employees and our loyal customers. We could have moved off shore instead, but we chose to make a stand for jobs in the US and what we felt was right...and we won.

It is very disturbing to learn that our Senate is actually proposing to suspend duties on certain types of magnets, namely "poly resin magnets". Multiple things are troubling about the proposal. First, "poly resin magnet" also describes flexible magnets, as poly resins can be used in the production of flexible magnets. Second, the product this bill is targeting directly competes with our main market and our customer's main market of decorated magnets. Third, most any magnet can be a substitute for any other magnet, and consequently will compete against other magnet types. And finally, there is absolutely no need for the existing duties to be suspended.

We feel this bill is very damaging to us and our customers, and frankly do not understand the basis for which this proposal was made. We stand vehemently opposed to any such action being taken in favor of any foreign magnets.

I appreciate you giving me the opportunity to express our viewpoint and I sincerely hope that our Senators can appreciate the struggles of a home grown business that has done all it can to remain in this country. We now need our Senators and Congressmen to work in our favor, rather than being yet another opponent.

Sincerely,

Tom Love
CFO/Owner
Magnum Magnetics

Disclaimer - November 24, 2009

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Thank you.

111TH CONGRESS
1ST SESSION

S. 1827

To suspend temporarily the duty on certain polyresin magnets.

IN THE SENATE OF THE UNITED STATES

OCTOBER 21, 2009

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 certain polyresin magnets.

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. POLYRESIN MAGNETS.**

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	Polyresin magnets, not festive (provided for in subheading 8505.19.30)	Free	No change	No change	On or before 12/31/2011	”.
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8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to goods entered, or withdrawn from

- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of the enactment of this Act.

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