

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: April 16, 2010]²

Bill No. and sponsor: S. 2151 (Mr. Arlen Specter of Pennsylvania).

Proponent name,³ location: Earth Savvy Products, Doylestown, PA.

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)):

Grocery bags with an outer surface of nonwoven fabric wholly of polypropylene, of which the fabric comprising the outer surface of the bag is at least 70 g/m² and does not exceed 110 g/m², with a foam insulation lining, with handles of nonwoven fabric wholly of polypropylene sewn on, with a capacity not to exceed 23 liters each, of a type used to carry food or beverages purchased in grocery stores, supermarkets or pharmacies or the like (provided for in subheading 4202.92.08).

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 bags are principally used to carry food or beverages purchased in retail stores, especially grocery stores, supermarkets, and pharmacies, and are designed for long-term or repeated use. The subject products have a foam insulation lining that helps maintain the temperature of the purchased goods.

Domestic demand for these reusable bags has increased in response to environmental awareness and concerns. According to the proponent, demand is expected to grow over the next five years as consumers become more familiar with the product. However, the proponent expects that this growth will be tempered by the extended life of these reusable bags and a weak economy. They are produced in and imported from China.

¹ Industry analyst preparing report: Don Sussman (202-205-3331); Tariff Affairs contact: Donnette Rimmer (202-205-0663).

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

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

Estimated effect on customs revenue for the subject product classifiable in HTS subheading 4202.92.08:

	2010	2011	2012	2013	2014
Col. 1-General rate of duty	7%	7%	7%	7%	7%
Estimated value <i>dutiable</i> imports ^a	\$4,000,000	\$4,000,000	\$4,500,000	\$4,500,000	\$5,000,000
Customs revenue loss ^b	\$280,000	\$280,000	\$315,000	\$315,000	\$350,000

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)	
Earth Savvy Products (Proponent) Joe Ballyntyne, 215-348-7740	12/15/2009	No	No	No
1 Bag at a Time Lisa Foster, 310-441-7300	12/16/2009	No	No	No
Cross Canvas Company Glenn Russell, 828-258-2247	12/16/2009	No	No	No
Earthwise Bag Company, Inc Stan Joffe, 818-847-2174	12/16/2009	No	Yes	Yes
Sorini, Samet & Associates, LLC Keith Jenkins, 202-393-4481	12/15/2009	No	No	No
Travel Goods Association Nate Herman, 703-797-9062	12/16/2009	No	No	No

Technical comments:⁴

The Commission staff suggests that, as shown on page 1 of this report, the proposed article description be amended by deleting the word “exterior” and inserting the word “outer” in lieu thereof and by deleting the phrase “grams per square meter” and inserting the symbol “g/m²” in lieu thereof.

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: Stan Joffe [mailto:StanJ@earthwisebags.com]
Sent: Thursday, January 21, 2010 12:40 PM
To: Sussman, Donald
Subject: RE: Import Information Request

2. Dear Donald,

I apologize for not having replied to you earlier but I have been travelling extensively the past three weeks and had not had an opportunity to sit down and study the details. After reviewing, this is our position:

Firstly, we confirm that the products we and our competitors import conform to the technical requirements in S2151 and S2153. Essentially, both of these items are the same and differ only in minor respects; in the case of S2151 the outer surface is made of nonwoven polypropylene and the inner fabric is an insulation material for keeping the contents hot or cold. This item is currently imported under HTS code 4202920807, which carries an import duty of 7% unlike the items which are made wholly from nonwoven polypropylene which carry a duty of 17.6%.

Secondly, it is our understanding from our previous communication with yourself and the U.S. Customs office that any reduction in revenue in excess of \$500,000 per annum would not be considered under the proposed legislation. The total amount of duty that the government will forego as a passage of these bills will far exceed \$500,000. Earthwise alone paid in excess of \$2 million in import duty in 2009.

Thirdly, we have recently started producing reusable shopping bags in Mexico, which enter the U.S. under NAFTA rules with no duty and we expect to expand our production this year.

With regard to Bill S2152, which covers bags made from cotton, the import duty on this item is only 6.3% and at this time there is some domestic production in this category.

In view of all the above, we would be opposed at this time to any duty reduction or suspension as proposed in these bills. Should you require any further information, I would be happy to provide it to you.

Thanking you,

Stanley Joffe

President

earthwise bag company, inc.

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Burbank, Ca 91504

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f. 818.847.9681

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111TH CONGRESS
1ST SESSION

S. 2151

To suspend temporarily the duty on grocery bags with an exterior surface of nonwoven fabric wholly of polypropylene.

IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 2009

Mr. SPECTER (for himself and Mr. CASEY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To suspend temporarily the duty on grocery bags with an exterior surface of nonwoven fabric wholly of polypropylene.

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. GROCERY BAGS WITH AN EXTERIOR SURFACE**
4 **OF NONWOVEN FABRIC WHOLLY OF POLY-**
5 **PROPYLENE.**

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

“	9902.01.00	Grocery bags with an exterior surface of nonwoven fabric wholly of polypropylene, of which the fabric comprising the outer surface of the bag is at least 70 grams per square meter and does not exceed 110 grams per square meter, with a foam insulation lining, with handles of nonwoven fabric wholly of polypropylene sewn on, with a capacity not to exceed 23 liters each, of a type used to carry food or beverages purchased in grocery stores, supermarkets or pharmacies or the like (provided for in sub-heading 4202.92.08)	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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