

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: June 12, 2008]²

Bill No. and sponsor: H.R. 4984 (Mrs. Barbara Cubin of Wyoming).

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

Other bills on product (110th Congress only): H.R. 4439, H.R. 4983.

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

Retroactive effect: None.

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

Acrylic fiber tow (polyacrylonitrile tow) containing a minimum of 92 percent acrylonitrile by weight, from 200 to 600 parts per million of sodium and no organic solvent, the foregoing wound into spools, each containing 24,000 filaments, with an average filament decitex⁴ of 1.3 (plus or minus 0.15) (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. Modacrylic tow is made from a polymer containing more than 35 percent but less than 85 percent by weight of acrylonitrile units. The fiber filaments are produced by 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 filament fibers are grouped into tow, which is then stretched to break the filaments 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 are 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

¹ Industry analyst preparing report: Heidi Colby-Oizumi (202-205-3391); Tariff Affairs contact: Jan Summers (202-205-2605).

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

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

⁴ Decitex is a measure of linear density; the number refers to the weight in grams of 10,000 meters of yarn.

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

non-textile applications. The acrylic tow covered by this bill is used to make carbon fibers through the application of high temperatures to the polyacrylonitrile in the presence of an inert gas such as argon, thereby changing the molecular bonds of the polymer and turning it to graphite. The carbon fibers can be used to make fabrics or to reinforce composite materials.

U.S. imports of acrylic or modacrylic filament tow totaled \$74 million (23.1 million kilograms) in 2007, with dutiable imports comprising about \$60.9 million. Japan was the primary supplier of such fibers in 2007 with about \$26.8 million in imports, followed by the United Kingdom, Portugal, and Turkey. The HTS subheading covers a broader range of products than the specialized one covered by this bill.

Estimated effect on customs revenue:

| HTS subheading: 5501.30.00 | | | | | |
|---|-----------------------|-----------|-----------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Col. 1-General rate of duty (AVE) | 7.5% | 7.5% | 7.5% | 7.5% | 7.5% |
| Estimated value <i>dutiable</i> imports | \$500,000 | \$550,000 | \$550,000 | \$600,000 | \$600,000 |
| Customs revenue loss | \$34,000 ⁶ | \$41,250 | \$41,250 | \$45,000 | \$45,000 |

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

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) Alex Walk, 307-789-2499 | 04/14/2008 | No | No | No |
| American Fiber Manufacturers Association Paul O'Day, 703-875-0432 | 02/07/2008 | No | No | No |
| American Manufacturing Trade Action Coalition Sara Ormand, 202-452-0866 | 02/07/2008 | No | Yes ¹ | No |
| Amital Spinning Corp. Milt E. Gold, <i>mgold@amital.net</i> | 02/07/2008 | No | No | No |

⁶ The general duty rate on all goods falling into subheading 5501.30.00 is reduced to 6.8% through the close of 2009 under heading 9902.10.21. The figure shown in the table for 2009 reflects the elimination of this duty rate. Other HTS categories cover related classes of acrylic or modacrylic tow. Existing heading 9902.01.69 has expired; headings 9902.11.11 and 9902.11.12 were not included in this computation because it is not possible to determine the import volumes of goods eligible for entry under these very detailed descriptions.

| Name of firm/organization | Date contacted | Claim US makes same or competing product(s)? | Submission attached? | Opposition noted? |
|---|----------------|--|----------------------|-------------------|
| | | (Yes/No) | | |
| The Association of Georgia's Textile, Carpet and Consumer Products Manufacturers G.L. Bowen III, 404-688-0555 | 02/07/2008 | No | No | No |
| Coats & North America Chris Smith, 704-329-5800 | 02/07/2008 | No | Yes ¹ | No |
| Culp, Inc., Robert G. Culp, III, 336-889-5161 | 02/12/2008 | No | No | No |
| Glen Raven, Inc. Allen E. Gant, Jr., 336-227-6211 | 02/07/2008 | No | Yes ¹ | No |
| Hexcel Michael Bacal, michael.bacal@hexcel.com | 02/07/2008 | No | No | No |
| Milliken & Company Kathi Dutilh, kdutilh@millikendc.com | 02/12/2008 | No | Yes ¹ | No |
| National Council of Textile Organizations Missy Branson, 202-822-8026 | 01/31/2008 | No | No | No |
| National Spinning Co., Inc. James W. Chesnutt, 252-975-7218 | 02/07/2008 | No | Yes ¹ | No |
| Patrick Yarn Mills, Inc. Gilbert Patrick, gilbert@patrickyarns.com | 02/07/2008 | No | No | No |
| Quaker Fabric Corporation Larry A. Liebenow, lliebenow@quakerfabric.com | 02/07/2008 | No | No | No |
| Sterling Fibers, Inc. James Hagerott, 850-994-5311 | 02/07/2008 | No | Yes ¹ | No |
| Toho Tenax America, Inc. Marc Verbruggen, 865-354-5505 | 02/07/2008 | No | No | No |
| Tuscarora Yarns, Inc., Peter Hegarty, phegarty@tuscarorayarns.com | 02/07/2008 | No | No | No |
| William Barnet & Son, LLC Ron Vinolo, 864-576-7154 | 02/07/2008 | No | No | No |

¹These companies expressed support for duty suspension on all acrylic fiber and tow products, which would include the specific acrylic tow that is the subject of this bill.

Technical comments:⁷

The general duty rate on the all products falling in subheading 5501.30.00 is already reduced through the close of 2009 under heading 9902.10.21 of the HTS; in addition, headings 9902.01.69, 9902.11.11 and 9902.11.12 cover or have covered subsets of the product coverage of subheading 5501.30.00. The proposed provision would cover a subset of the goods covered by existing heading 9902.10.21. Thus, rather than creating a new tariff heading in this bill, it would be possible to amend the existing article description shown in heading 9902.10.21 to match the language shown on page 1, above, delete the general duty rate “6.8%” from existing heading 9902.10.21 and replace it with “Free”, and delete the expiration date of “12/31/2009” now shown in heading 9902.10.21 and replace it with “12/31/2011”. It is suggested that if this approach is utilized, existing headings 9902.01.69, 9902.11.11 and 9902.11.12 should be deleted from the HTS. If a separate chapter 99 heading covering this narrower group of goods is desired, it is suggested that the article description of a new heading match the language shown on page 1.

⁷ 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.

110TH CONGRESS
2D SESSION

H. R. 4984

To suspend temporarily the duty on certain acrylic fiber tow.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 16, 2008

Mrs. CUBIN 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. CERTAIN 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 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 sub-heading 5501.30.00) | Free | No change | No change | On or before 12/31/2011 | ”. |
|---|------------|---|------|-----------|-----------|-------------------------|----|

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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