

June 10, 1998

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON FINANCE OF THE UNITED STATES
SENATE ON PROPOSED TARIFF LEGISLATION¹

Bill no., sponsor, and sponsor's state: S. 1826 (105th Congress), Senator Moynihan (NY).²

Companion bill: None.

Title as introduced: To amend the Harmonized Tariff Schedule of the United States to suspend temporarily the duty on personal effects of participants in the 1999 Women's World Cup.

Summary of bill:³

The proposed bill would suspend through August 1, 1999 all customs duties (both column 1 and column 2) on personal effects and various other articles imported by or for persons involved in the 1999 Women's World Cup soccer tournament. Participants in the games, officials, accredited delegation members, their immediate families, and their servants, regardless of nationality, would be able to enter goods under this temporary provision in chapter 99 of the Harmonized Tariff Schedule of the United States (HTS). These articles would also be free of taxes and fees which may be otherwise applicable.

Effective date: 15th day after enactment.

Retroactive effect: None.

Statement of purpose:

Senator Moynihan made no statement about the bill in the *Congressional Record*. A member of the sponsor's staff stated that the bill would both reduce the paper work for and enhance the processing upon arrival of international travelers participating in the 1999 Women's World Cup by permitting the duty-free entry of personal effects, and other articles used or consumed in conjunction with these events.⁴

¹ Industry analyst: Josephine Spalding (205-3498); attorney: Jan Summers (205-2605).

² For himself and Senators D'Amato (NY), Lautenberg (NJ), and Torricelli (NJ).

³ See appendix A for definitions of tariff and trade agreement terms.

⁴ Telephone conversation with Ms. Menghetti, Minority Trade Council, Senate Committee on Finance on May 5, 1998.

Product description and uses:

The proposed legislation would create a tariff provision similar to those that recently granted temporary duty-free entry to articles brought to the United States for use during the 1994 FIFA World Cup Games⁵ and the 1998 Goodwill Games,⁶ as well as many Olympic Games and similar sporting events. Under the proposed heading, the Secretary of the Treasury could allow other goods to enter free of duty as well. Included in the scope of the new heading would be any equipment, uniforms, timing devices or other goods entered for the teams; goods to be used in cultural exhibitions; and the personal effects of those persons named in the article description.

Most goods imported under this temporary legislation would likely be handled using informal customs entries,⁷ thereby facilitating customs clearance procedures. A temporary importation bond for the amount of the duties otherwise applicable would not be required if informal entry is allowed.⁸ This procedure obviates the need to obtain a bond and then wait for a bond release following proof that the goods qualified for duty-free entry into the United States. Such streamlined customs procedures were also made available to participants in the 1932 Olympics held in the United States, by way of a joint resolution of Congress,⁹ and subsequently for Games in 1980, 1984, and 1996.

Tariff treatment:

HTS heading 9902.98.07 would provide temporary duty-free entry for: (1) the personal effects of participants, officials, or accredited delegation members involved in the 1999 Women's World Cup, and such goods of their immediate families, and their servants; (2) articles used or consumed by participants, officials, or accredited delegates in connection with the 1999 Women's World Cup; and (3) other related articles as may be prescribed by the Secretary of the Treasury. These goods are classifiable throughout the tariff schedule at varying rates of duty.

One such tariff provision, heading 9902.98.04, applicable to goods related to five different athletic competitions, expired on November 30, 1996; another, heading 9902.98.05, for goods entered for the 1998 Goodwill Games, will expire on February 1, 1999. Last, a provision for certain motorcycles imported for the Sturgis Motorcycle Rally and Races, heading 9902.98.06, will expire on December 31, 2006.

⁵ HTS heading 9902.98.04.

⁶ HTS heading 9902.98.05.

⁷ Authorized under 19 U.S.C. 1498(a)(7); without the proposed heading, informal entry would only be available for goods entered as or in baggage of the named persons, not for team-owned or federation-owned equipment. Also, the goods would not necessarily be required to accompany one of the named persons through the customs clearance process. A separate question would be the possible claims by importers that special souvenirs, posters, or similar goods, suitable for commercial sale, might be qualifying "educational or cultural" goods. See section on technical comments for proposed changes.

⁸ A general term entry bond might be required, which could be provided by a licensed customs broker; however, various Customs officials have indicated that the specified goods might be admitted without any bond or entry upon a showing that the persons importing them qualified under the terms of the new heading.

⁹ 47 Stat. 1.

Structure of domestic industry (including competing products):

It is not possible to identify specifically the domestic industries or sectors producing the broad range of goods potentially covered by this bill.

Private-sector views:

The Commission did not contact U.S. producers, foreign producers, or importers because of the wide variety of goods that would be covered by this bill. Similar measures enacted for prior international athletic events have not given rise to domestic opposition, at least in part because other countries routinely afford similar treatment to U.S. nationals attending events there.

U.S. consumption:

No data are available on trade in or U.S. consumption of the many goods potentially covered by this bill.

Effect on customs revenue:

Enacting this measure is not likely to reduce customs revenues significantly. Without this legislation, many of the subject goods would probably be entered informally and without bond; if part of the baggage of the participants, the goods would be admitted free of duty under personal exemptions. Other goods, such as equipment destined for subsequent export, would likely enter temporarily free of duty under bond (so that the bill would accord only the benefit of qualification for informal entry). Also, many educational and cultural articles already enter free of duty under various international agreements, so that no revenue loss would result from their inclusion in the heading.

Technical comments:

Because foreign athletes and officials come to the United States frequently to participate in a large number of sporting events such as invitational track meets, golf and tennis tournaments, and other international championship events, it may be appropriate to create a permanent tariff provision (perhaps in subchapter VI of chapter 98 of the HTS). Such a heading could exempt from duty personal effects and equipment of accredited participants and officials involved in athletic competitions or at specific kinds of events. If administrative concerns exist, a reporting form might be developed that could be completed on entry and shown (or mailed) on departure to demonstrate exportations. A permanent tariff heading would eliminate the need for new legislation for temporary exemption from duty for these persons associated with each event.

APPENDIX A

TARIFF AND TRADE AGREEMENT TERMS

In the **Harmonized Tariff Schedule of the United States** (HTS), chapters 1 through 97 cover all goods in trade and incorporate in the tariff nomenclature the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description. Subordinate 8-digit product subdivisions, either enacted by Congress or proclaimed by the President, allow more narrowly applicable duty rates; 10-digit administrative statistical reporting numbers provide data of national interest. Chapters 98 and 99 contain special U.S. classifications and temporary rate provisions, respectively. The HTS replaced the **Tariff Schedules of the United States** (TSUS) effective January 1, 1989.

Duty rates in the **general** subcolumn of HTS column 1 are most-favored-nation (MFN) rates, many of which have been eliminated or are being reduced as concessions resulting from the Uruguay Round of Multilateral Trade Negotiations. Column 1-general duty rates apply to all countries except those enumerated in HTS general note 3(b) (Afghanistan, Cuba, Laos, North Korea, and Vietnam), which are subject to the statutory rates set forth in **column 2**. Specified goods from designated MFN-eligible countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the **special** subcolumn of HTS rate of duty column 1 or in the general notes. If eligibility for special tariff rates is not claimed or established, goods are dutiable at column 1-general rates. The HTS does not enumerate those countries as to which a total or partial embargo has been declared.

The **Generalized System of Preferences** (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 for 10 years and extended several times thereafter, applies to merchandise imported on or after January 1, 1976 and before the close of June 30, 1998. Indicated by the symbol "A", "A*", or "A+" in the special subcolumn, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 4 to the HTS.

The **Caribbean Basin Economic Recovery Act** (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984. Indicated by the symbol "E" or "E*" in the special subcolumn, the CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries, as set forth in general note 7 to the HTS.

Free rates of duty in the special subcolumn followed by the symbol "IL" are applicable to products of Israel under the **United States-Israel Free Trade Area Implementation Act** of 1985 (IFTA), as provided in general note 8 to the HTS.

Preferential nonreciprocal duty-free or reduced-duty treatment in the special subcolumn followed by the symbol "J" or "J*" in parentheses is afforded to eligible articles the product of designated beneficiary countries under the **Andean Trade Preference Act** (ATPA), enacted as title II of Public Law 102-182 and implemented by Presidential Proclamation 6455 of July 2, 1992 (effective July 22, 1992), as set forth in general note 11 to the HTS.

Preferential or free rates of duty in the special subcolumn followed by the symbol "CA" are applicable to eligible goods of Canada, and rates followed by the symbol "MX" are applicable to eligible goods of Mexico, under the **North American Free Trade Agreement**, as provided in general note 12 to the HTS and implemented effective January 1, 1994

by Presidential Proclamation 6641 of December 15, 1993. Goods must originate in the NAFTA region under rules set forth in general note 12(t) and meet other requirements of the note and applicable regulations.

Other special tariff treatment applies to particular **products of insular possessions** (general note 3(a)(iv)), **products of the West Bank and Gaza Strip** (general note 3(a)(v)), goods covered by the **Automotive Products Trade Act** (APTA) (general note 5) and the **Agreement on Trade in Civil Aircraft** (ATCA) (general note 6), **articles imported from freely associated states** (general note 10), **pharmaceutical products** (general note 13), and **intermediate chemicals for dyes** (general note 14).

The **General Agreement on Tariffs and Trade 1994** (GATT 1994), pursuant to the Agreement Establishing the World Trade Organization, is based upon the earlier GATT 1947 (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) as the primary multilateral system of disciplines and principles governing international trade. Signatories' obligations under both the 1994 and 1947 agreements focus upon most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, dispute settlement, and other measures. The results of the Uruguay Round of multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX.

Pursuant to the **Agreement on Textiles and Clothing** (ATC) of the GATT 1994, member countries are phasing out restrictions on imports under the prior "Arrangement Regarding International Trade in Textiles" (known as the **Multifiber Arrangement** (MFA)). Under the MFA, which was a departure from GATT 1947 provisions, importing and exporting countries negotiated bilateral agreements limiting textile and apparel shipments, and importing countries could take unilateral action in the absence or violation of an agreement. Quantitative limits had been established on imported textiles and apparel of cotton, other vegetable fibers, wool, man-made fibers or silk blends in an effort to prevent or limit market disruption in the importing countries. The ATC establishes notification and safeguard procedures, along with other rules concerning the customs treatment of textile and apparel shipments, and calls for the eventual complete integration of this sector into the GATT 1994 over a ten-year period, or by Jan. 1, 2005.

Rev. 8/12/97

APPENDIX B

**SELECTED PORTIONS OF THE
HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES**

(Appendix not included in the electronic version of this report.)

105TH CONGRESS
2D SESSION

S. 1826

To amend the Harmonized Tariff Schedule of the United States to suspend temporarily the duty on personal effects of participants in the 1999 Women's World Cup.

IN THE SENATE OF THE UNITED STATES

MARCH 24, 1998

Mr. MOYNIHAN (for himself, Mr. D'AMATO, Mr. LAUTENBERG, and Mr. TORRICELLI) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Harmonized Tariff Schedule of the United States to suspend temporarily the duty on personal effects of participants in the 1999 Women's World Cup.

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. 1999 WOMEN'S WORLD CUP.**

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:

“	9902.98.07	Any of the following articles not intended for sale or distribution to the public: personal effects of aliens who are participants in, officials of, or accredited members of delegations to, the 1999 Women’s World Cup, and of persons who are immediate family members of or servants to any of the foregoing persons; equipment and materials imported in connection with the foregoing event by or on behalf of the foregoing persons or the organizing committee of such event; articles to be used in exhibitions depicting the culture of a country participating in such event; and, if consistent with the foregoing, such other articles as the Secretary of the Treasury may allow	Free	No change	Free	On or before 8/1/99	”.
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1 (b) TAXES AND FEES NOT TO APPLY.—The articles
 2 described in heading 9902.98.07 of the Harmonized Tariff
 3 Schedule of the United States (as added by subsection (a))
 4 shall be free of taxes and fees which may be otherwise
 5 applicable.

6 (c) EFFECTIVE DATE.—The amendment made by
 7 this section applies to articles entered, or withdrawn from
 8 warehouse for consumption, on or after the 15th day after
 9 the date of the enactment of this Act.

