September 2, 1998

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON FINANCE OF THE UNITED STATES SENATE ON PROPOSED TARIFF LEGISLATION[1]

Bill no., sponsor, and sponsor's state: S. 2362 (105th Congress), Senator Thurmond (SC).[2]

Companion bill: None.

Title as introduced: To extend the temporary duty suspension on certain textured rolled glass sheets.

Summary of bill:[3]

This bill would extend the existing duty suspension for certain glass of subheadings 7003.12.00 and 7003.19.00 of the Harmonized Tariff Schedule of the United States (HTS). The current expiration date (shown as "12/31/98") would be deleted from heading 9902.70.03 and the new date "12/31/2001" would be inserted. The duty suspension was enacted in section 56 of the Miscellaneous Trade and Technical Corrections Act of 1996 (Public Law 104-295 of October 11, 1996).

Effective date: Upon enactment.

Retroactive effect: None.

Statement of purpose:

Senator Thurmond stated in the *Congressional Record*:[4]

> This bill will suspend the duty imposed on certain textured rolled glass sheets. Currently this glass is not manufactured in the United States nor is a substitute readily available. Therefore, suspending the duty on this item would not adversely affect the domestic industry.[5]

---

[1] Industry analyst: James Lukes (205-3426); attorney: Jan Summers (205-2605).
[2] On behalf of himself and Senator Hollings (SC).
[3] See appendix A for definitions of tariff and trade agreement terms.
[4] Statement by Sen. Thurmond in *Congressional Record*, pp. S9137-S9138, July 28, 1998.
[5] Senator Hollings noted that the duty suspension legislation is designed to continue the importation of this rolled glass into the United States. He said, 'Upon importation, the rolled glass will be further manufactured in a facility at Fountain Inn, South Carolina. This duty suspension will assist with employment in South Carolina and will allow for the most efficient manufacture of glass-ceramic cooktops, a high end product, in the State.' Statement by Sen. Hollings, *Congressional Record*, p. S9138, July 28, 1998.

Product description and uses:

Textured, rolled glass for cooktop applications:	Textured, rolled glass sheets of a specific chemical composition are cut to shape and subjected to further manufacturing operations to produce a glass-ceramic material for cooktop applications. The glass-ceramic cooktop conceals the heating elements when not in use and eases cleaning of the cooktop.[6]

Tariff treatment:[7]

Product	HTS subheading	Col. 1-general rate of duty[8]
Cast glass and rolled glass, in sheets or profiles, whether or not having an absorbent, reflecting or non-reflecting layer:		
Nonwired sheets:		
Colored throughout the mass (body tinted), opacified, flashed or having an absorbent, reflecting or non-reflecting layer	7003.12.00	1.5% ad val.
Other	7003.19.00	1.4% ad val.

Structure of domestic industry (including competing products):

There are no known U.S. producers of this product.

Private-sector views:

The Commission contacted both companies known to import this product.[9] The companies had not submitted any written comments as of the date of preparation of this report.

[6] Glass-ceramic cooktops are used primarily in smooth-top electric ranges, but they also are used in gas appliances.

[7] See appendix B for column 1-special and column 2 duty rates.

[8] As of Jan. 1, 1999, the general duty rates will be 1.4% and 1.3% ad val., respectively, for these provisions.

[9] Commission staff contacted the only two known U.S. importers of this product: EuroKera North America, Inc., through one of its joint venture partners (Corning, Inc.), and Schott Corp. on Aug. 20, 1998.

U.S. consumption:

Textured, rolled glass for cooktop applications:	1995	1996	1997
	---------($Million)---------		
U.S. production	0	0	0
U.S. imports	([1])	([1])	([1])
U.S. exports	0	0	0
Apparent U.S. consumption	([2])	([2])	([2])

[1]Data are not separately reported for textured, rolled glass for cooktop applications. Aggregate imports of all products (including the subject glass) entered from all sources under HTS subheadings 7003.12.00 and 7003.19.00 were valued at $30, 34, and 33 million dollars in 1995, 1996, and 1997, respectively.
[2]Not available.

Principal import sources: Germany and France.
Principal export markets: None.

Effect on customs revenue:[10]

Future (1999-2001) effect: We note that the existing duty suspension has been in effect since October 26, 1996 (with retroactive treatment on request for shipments as of January 1, 1995), but that official import statistics do not separately report the volume and value of shipments for which the duty suspension may have been claimed. Calculated duties for all goods (including textured, rolled glass for cooktop applications) entered under HTS subheadings 7003.12.00 and 7003.19.00 amounted to $507,000 in 1997. Enactment of this bill would likely result in an annual loss of customs revenue of less than this amount, for several reasons. Imports under the applicable subheadings have not increased significantly since enactment of the duty suspension, the subject product is believed to represent only part of total imports, and the final staged tariff reductions under the Uruguay Round for these two HTS subheadings are effective on January 1, 1999.

Retroactive effect: None.

Technical comments:

None.

---

[10] Actual revenue loss may be understated in the event of a significant increase in imports over the duty suspension period.

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. 2362

To extend the temporary duty suspension on certain textured rolled glass sheets.

IN THE SENATE OF THE UNITED STATES

JULY 28, 1998

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

A BILL

To extend the temporary duty suspension on certain textured rolled glass sheets.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TEXTURED ROLLED GLASS SHEETS.

Subheading 9902.70.03 of the Harmonized Tariff Schedule of the United States is amended by striking "12/31/98" and insert "12/31/2001".

○