MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 109th Congress

[Date approved: November 29, 2005]

Bill no. and sponsor: H.R. 2461 (Mr. Rob Simmons of Connecticut).

Proponent name, location: The Warren Corporation, Stafford Springs, CT.

Other bills on product (109th Congress only): None.


Retroactive effect: None.

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

No changes in the article description of heading 9902.51.15 (referring to the first HTS heading so numbered) are suggested. However, it is suggested that, in this bill or as a separate technical correction, either this provision or the second provision bearing the same number should be redesignated. The second such heading covers certain fabrics of combed wool.

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:

Cashmere is a highly desirable and valuable fiber derived from cashmere goats. Cashmere is an extremely rare fiber and is available in limited supply. The world’s largest producers of cashmere include China, Mongolia, Iran, and Afghanistan.

The imported product is defined as fine animal hair of Kashmir (cashmere) goats, not processed in any manner beyond the degreased or carbonized condition. There were no U.S. imports during 2004, but the United Kingdom, China, and Italy accounted for all U.S. imports in 2003.
**Estimated effect on customs revenue:**

Estimates of dutiable imports and revenue loss are based on 2003 imports, in the absence of 2004 imports.

<table>
<thead>
<tr>
<th>HTS subheading: 5102.11.10</th>
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<tbody>
<tr>
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<td></td>
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<tr>
<td>Col. 1-General rate of duty</td>
</tr>
<tr>
<td>(AVE) 1/</td>
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<tr>
<td>(Less than 0.05%)</td>
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<tr>
<td>Estimated value</td>
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<tr>
<td>dutiable imports</td>
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<td>Customs revenue loss 2/</td>
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1/ The AVE is the ad valorem equivalent of a specific or compound duty rate expressed as a percent, using the most recent import data available.

2/ The revenue loss data for 2005-2006 reflect the existing duty suspension under heading 9902.51.15 through 12/31/2006.


**Contacts with domestic firms/organizations (including the proponent):**

<table>
<thead>
<tr>
<th>Name of firm/organization</th>
<th>Date contacted</th>
<th>US production of same or competitive product claimed?</th>
<th>Submission attached?</th>
<th>Opposition noted?</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Warren Corporation (Proponent)</td>
<td>8/25/2005</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Ms. Lisa Cornish, 860-684-2766 ext. 113</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Office of Representative Simmons</td>
<td>8/24/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Ms. Meghan Curran, 202-225-2076</td>
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<tr>
<td>Hanora Spinning</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Walter Mercier, 401-767-3360</td>
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<tr>
<td>Kent Manufacturing</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Mark Kent, 864-878-6367</td>
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<td>Jagger Brothers</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>David Jagger, 207-324-5622</td>
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<td></td>
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<tr>
<td>National Textile Association</td>
<td>9/13/2005</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
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<tr>
<td>David Trumbull, 617-542-8220</td>
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</table>
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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Date</th>
<th>Yes</th>
<th>No</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victor Forstmann, Inc. Merritt Loring, 478-275-5781</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Tailored Clothing Association David Starr, <a href="mailto:dastarr@wms-jen.com">dastarr@wms-jen.com</a></td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

**Technical comments:**

This provision could be redesignated as 9902.51.17. If instead the second provision now numbered as heading 9902.51.15 is redesignated as 9902.15.17, U.S. note 16 to subchapter II of chapter 99 should be amended in two places to change the heading number.

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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.
Submissions of Interested Parties

Warren Corporation (in support of legislation)

September 16, 2005

RE: HR2459-HR2468

I am writing on behalf of the Warren Corporation in support of several legislation initiatives designed to provide temporary duty relief to products of import interest to our company. Some of these bills are an extension of existing duty suspensions, while others are first time requests for temporary duty relief.

Extensions of Existing Duty Suspensions

HR 2459 – Yarn of combed Kashmir and Yarn of Camel Hair
HR 2460 – Yarn of carded Kashmir
HR 2461 – Certain Kashmir Hair
HR2467 – Fine Animal hair of Kashmir

We believe that the request for a duty suspension extension on these items is completely non-controversial in that they are not produced by any U.S. manufacturer. In fact, these items were the subject of a formal petition to the Committee for the Implementation of Textile Agreements (CITA) under the established short supply provisions contained in the Trade and Development Act of 2000 (Public Law 106-200) and the more recent NAFTA short supply changes with Canada of 7/1/2005. During consideration of the petitions in relation to these products both the International Trade Commission and CITA determined that there are no U.S. producers of the types of yarns in question. Consequently, the Executive Branch of the government has done a full-scale analysis of this issue, including offering interested parties an opportunity to submit comments. Moreover, the fact that each of these items currently enjoys a temporary duty indicates that they have undergone the constraints necessary for inclusion in the miscellaneous tariff bill process.

Since it has been determined that there are no U.S. producers of these yarns, the current tariff is not protecting anyone and a reduction of the tariff could help us grow a market in the United States for the fabric by slightly reducing the production cost of the fabric. The ITC has also determined that these yarns do not compete with other lesser-valued yarns, or finished fabrics, currently produced in the U.S. As a result, there is no concern that these yarns are directly substitutable for other products.
All the yarns included are highly priced specialty yarns and the current tariff is charged on a percentage basis, which exponentially increases the tariff paid on higher priced items. Even with the duty suspension, the yarn cost would still far outweigh the cost of other yarns making any pricing reduction irrelevant when comparing to other types of fabrics available for apparel.

New Temporary Duty Submissions
HR 2462 – Certain Camel Hair Processed beyond Degreasing
HR 2463 – Waste of camel Hair
HR 2464 – Camel Hair Carded or Combed
HR 2465 – Woven Fabric of 85% or more by weight of Vicuna
HR 2466 -- Certain Camel Hair not Processed beyond Degreasing
HR 2468 – Noils of Camel Hair

Camel hair fiber is not produced domestically. These exotic fibers are sourced from only a few regions in the world. The current tariff is not protecting anyone and a reduction of the tariff could help us. We have felt enormous pressure on selling prices due to imported fabric. The reduction of this tariff could help us retain a position in the U.S. market by slightly reducing the cost of the fabric.

We also support the temporary duty reduction on Vicuna Fabric. Vicuna is an exotic fiber found only in South America. It is also one of the most valuable fibers in the world. Warren Corporation’s Parent Company, Loro Piana, has worked closely with the Peruvian government to help repopulate the vicuna, which had previously been identified as an endangered species. In 1987, realizing the economic potential that would result from trading in vicuña fiber, yarn and fabric, the Peruvian government appealed to CITES for permission to trade in vicuña fabric obtained from the fiber of the animals. Once permission was granted, the government announced an international contest whose goal was to seek a partner in the marketing and preservation of the vicuna. In 1994, Loro Piana was awarded the inestimable honor of presiding over a consortium formed to foster this project. The success of the consortium has resulted in a recent decision by the U.S. government to allow the importation of these products. This fabric is not produced domestically and so the customs duties are not protecting any domestic industry. The current tariff is charged on a percentage basis, which exponentially increases the tariff paid on this, one of the highest priced fabrics on the market. Even with the duty suspension, the fabric cost would still far outweigh the cost of other fabrics making any pricing reduction irrelevant when comparing to other types of fabrics available for apparel. The uniqueness of vicuna fabric remains, and is something Warren Corporation takes pride in bringing to the market.

Each of these bills are designed to allow duty free importation for items that deal with exotic fibers that are simply not indigenous to the U.S. Consequently, the passage of these temporary duty suspensions will help reduce our cost and stabilize the 200 U.S. production workers that we maintain.

Sincerely,

Lisa Cornish
V.P. Finance & Administration
Warren Corporation
National Textile Association (in support of legislation)
1. Here are NTA positions on some of the bills in the MTB that touch textile interests.

HR 445 (marking of imported furniture) NTA supports.
HR 1115 (clarify tariff rate for mechanics gloves) No position at this time.
HR 1230 (tents) No position at this time.
HR 1534 (synthetic staple fibers) NTA supports.
HR 1535 (acrylic tow) NTA supports.
HR 1854 (wool packs) No position at this time.
HR 1945 (shirting) NTA opposes bill as currently drafted.
HR 1978 and 1979 (acrylic tow) NTA supports.
HR 2096 (rayon yarn) NTA supports.
HR 2175 (rayon fibers) NTA supports.
HR 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468 (various bills regarding fine animal hair) NTA supports.
HR 2573 (cuprammonium rayon yarn) NTA supports.
HR 2589 and 2560 (certain filament yarns) NTA supports.
HR 2591 (certain acrylic yarn) NTA supports.
HR 2845 (certain woven fabrics) No position at this time.
HR 3105 (certain aramid chopped fiber) No position at this time.
HR 3106 (certain nylon fabric) No position at this time.
HR 3114 (flags) No position at this time.
HR 3416 (to strip CITA of foreign affairs exemption) NTA opposes.

NOTE, that the ones marked "No position at this time" will require further research in order for us to take a position; we are currently looking at those bills and expect to take a position on at least some of them.
A BILL

To extend the temporary suspension of duty on certain Kashmir (cashmere) hair.

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 KASHMIR (CASHMERE) HAIR.

4 (a) IN GENERAL.—Heading 9902.51.15 of the Har-
5 monized Tariff Schedule of the United States (relating to
certain fine animal hair of Kashmir (cashmere) goats) is
amended by striking “12/31/2006” and inserting “12/31/
8 2008”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) applies to goods entered, or withdrawn from
warehouse for consumption, on or after the 15th day after the date of enactment of this Act.