

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 109<sup>th</sup> Congress<sup>1</sup>**

[Date approved: December 20, 2005]<sup>2</sup>

**Bill No. and sponsor:** H.R. 3106 (Mr. Robert Beauprez, Colorado).

**Proponent name, location:** Gates Corporation, Denver, Colorado.

**Other bills on product (109<sup>th</sup> Congress only):** None.

**Nature of bill:** Temporary duty suspension through December 31, 2008.

**Retroactive effect:** None.

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

Fabrics woven from continuous filament wholly nylon type-66 textured yarns, such fabrics having a width of approximately 50 mm and capable of stretching by at least 100 percent in the weft direction (provided for in subheading 5407.41.00).

**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:**

The subject fabrics are classified in HTS subheading 5407.41.00, which provides for certain bleached or unbleached woven fabrics, containing 85 percent or more by weight of filaments of nylon or other polyamides. The bill proponent uses the subject synthetic filament yarn fabrics in the manufacture of automotive power transmission and timing belts.

The subject fabrics are made of nylon yarns that reportedly undergo a texturizing process that imparts substantially higher elongation/stretching capabilities (by at least 75 percent of their original length) than those used in making other stretch nylon fabrics,<sup>3</sup> higher breaking strength than standard nylon, and also heat resistance created by a proprietary formulation.<sup>4</sup>

U.S. imports under HTS subheading 5407.41.00 totaled \$23.7 million in 2004. The proponent states that the subject fabrics accounted for about 18 percent of these imports and were sourced from the United Kingdom and Japan.

<sup>1</sup> Industry analyst preparing report: Laura Rodriguez (202-205-3499); Tariff Affairs contact: (202-205-).

<sup>2</sup> An electronic copy of this memorandum is available at [http://usitc.gov/tata/hts/other/rel\\_doc/bill\\_reports/index.htm](http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm)

<sup>3</sup> Howard Hurwitz, Corporate Counsel, and Paul Knutson, Supply Chain Manager, Gates Corporation, email to Commission staff, Oct. 31, 2005.

<sup>4</sup> Howard Hurwitz, Corporate Counsel, and Paul Knutson, Supply Chain Manger, Gates Corporation, telephone interview with Commission staff, Oct. 27, 2005.

**Estimated effect on customs revenue:**

| <b>HTS subheading: 5407.41.00</b>   |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
|  | 2005        | 2006        | 2007        | 2008        | 2009        |
| Col. 1-General rate of duty   | 13.6%       | 13.6%       | 13.6%       | 13.6%       | 13.6%       |
| Estimated value <i>dutiable</i> imports   | \$1,516,000 | \$1,592,000 | \$1,671,000 | \$1,755,000 | \$1,843,000 |
| Customs revenue loss  | \$206,176   | \$216,512   | \$227,256   | \$238,680   | \$250,648   |

Source of estimated dutiable import data: Commission estimates based on data provided by industry.

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

| Name of firm/organization  | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|--|----------------|---|----------------------|-------------------|
|  |                | (Yes/No)  |                      |                   |
| Gates Corporation (Proponent)<br>Howard Hurwitz, 303-744-5653              | 10/26/2005     | No  | Yes                  | No                |
| National Council of Textile Organizations<br>Michael Hubbard, 704-824-3522 | 11/02/2005     | No  | No                   | No                |
| Schneider Mills<br>Robert Stein, 212-768-7500                              | 11/9/2005      | No  | Yes                  | No                |

**Technical comments:<sup>5</sup>**

After discussions with industry representatives, it is suggested that the proposed article description could be amended to include the phrase "such fabrics having a width of approximately 50 mm." This would narrow the scope of imported fabrics eligible for duty-free entry, in an effort to avoid competition with nylon fabrics produced domestically.<sup>6</sup> It is suggested that "with" be replaced by "from"; if the fabric contains no other types of yarns, it would be feasible to begin the article description as follows: "Fabrics woven entirely from..." to clarify the nature of the subject fabrics.

<sup>5</sup> The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that U.S. Customs and Border Protection should be consulted prior to enactment of the bill.

<sup>6</sup> Robert Stein, President, Schneider Mills, telephone interview with Commission staff, Nov. 9, 2005.

109TH CONGRESS  
1ST SESSION

# H. R. 3106

To suspend temporarily the duty on fabric woven with certain continuous filament wholly nylon type-66 textured yarns.

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IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2005

Mr. BEAUPREZ introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To suspend temporarily the duty on fabric woven with certain continuous filament wholly nylon type-66 textured yarns.

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. FABRIC WOVEN WITH CERTAIN CONTINUOUS**  
4                       **FILAMENT WHOLLY NYLON TYPE-66 TEX-**  
5                       **TURED YARNS.**

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:

|   |            |  |      |           |           |                         |    |
|---|------------|--|------|-----------|-----------|-------------------------|----|
| “ | 9902.10.02 | Fabric woven with continuous filament wholly nylon type-66 textured yarns, such fabric capable of stretching by at least 100 percent in the weft direction (provided for in subheading 5407.41.00) ..... | Free | No change | No change | On or before 12/31/2008 | ”. |
|---|------------|--|------|-----------|-----------|-------------------------|----|

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 enactment of this Act.

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