

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 111th Congress¹**

[Date approved: June 4, 2010]²

Bill No. and sponsor: S. 2602 (Mrs. Kay Bailey Hutchison of Texas).

Proponent name,³ location: J. C. Penney Corporation, Inc., Plano, TX.

Other bills on product (111th Congress only): None.⁴

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

Retroactive effect: None.

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

Sweaters for men or boys, wholly of cashmere, meeting the criteria of U.S. note 21(b) to this subchapter (provided for in subheading 6110.12.10).

Suggested language for U.S. note 21(b):

- (b) Headings [9902.01.00 through 9902.XX.XX]⁵ cover only garments assembled from components that were knitted on flat knitting machines and have a stitch count not exceeding 9 stitches per 2 cm, measured on the outer surfaces of the fabric intended to form the exterior surface of the garment (after the components are assembled) in the direction on which the stitches are formed. Whenever such fabric is formed using both knit and purl stitches, the purl stitches will be disregarded and only the knit stitches on the outer surface of the fabric will be counted. In order to be eligible for entry under these headings--
- (1) all of the garment's component parts, including any collars, plackets, cuffs, waistbands and pockets, must comply with the criteria of this subdivision; and
 - (2) all of the garment's components must have been assembled by looping and linking, including the side seams.

Check one: Same as that in bill as introduced.
 Different from that in bill as introduced (see Technical comments section).

¹ Industry analyst preparing report: Stephen Wanser (202-205-3363); Tariff Affairs contact: Donnette Rimmer (202-205-0663).

² Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.

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

⁴ The U.S. note that would be added under this bill is also included in S. 2579-S. 2593, along with the amended note on mechanics work gloves. Each of the other bills would add an HTS heading for particular classes of garments.

⁵ This subdivision of the note is intended to cover only the 9902 headings referencing it, and not those created by the bills related to subdivision (a) of the note.

Product information, including uses/applications and source(s) of imports:

The bill covers particular men’s and boys’ cashmere sweaters classified in HTS subheading 6110.12.20. Under the terms of subdivision (b) of the proposed U.S. note, these sweaters must be produced by assembling only component parts meeting the stitch count and assembly criteria set forth in the note. Garments that have fewer than 9 stitches per 2 cm, including those covered by this bill, do not meet the existing statistical reporting criteria in HTS chapter 61 for “knit to shape” garments, as provided in statistical note 6 to that chapter. The small number of stitches specified per 2 cm suggests a garment formed from relatively coarse yarns. Although the bill uses the term “knit to shape” to refer to these garments, they would not fit within the meaning set forth for that term in that statistical note or in the related Customs informed compliance publication concerning HTS heading 6110.⁶ It is believed that China is the largest supplier of these garments.

An unrelated change would be made with respect to certain gloves, which had been eligible for benefits of a temporary duty suspension until the end of 2009. The bill would remove the first existing U.S. note 18 now set forth in subchapter II of HTS chapter 99 and replace it with new U.S. note 19 to modify the definition of “mechanics work gloves” relating to five HTS headings in chapter 99. The language of the proposed note is identical to the language included in S. 2237, which has been discussed in the Commission’s memorandum on that bill (attached).

Estimated effect on customs revenue for the subject product classifiable in HTS subheading 6110.12.10:

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|-------------|-------------|-------------|-------------|-------------|
| Col. 1-General rate of duty | 4% | 4% | 4% | 4% | 4% |
| Estimated value <i>dutiable</i> imports ^a | \$7,062,000 | \$7,274,000 | \$7,492,000 | \$7,717,000 | \$7,948,000 |
| Customs revenue loss ^{b c d} | \$282,480 | \$290,960 | \$299,680 | \$308,680 | \$317,920 |

a/ Dutiable import estimates were provided by industry sources.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

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) | | |
| J.C. Penney Corporation, Inc. (Proponent) Nancy Parker White, 972-431-5631, nparkerw@jcpenny.com | 02/26/2010 | No | No | No |

⁶ U.S. Customs and Border Protection, “What Every Member of the Trade Community Should Know About: Classification of Knit to Shape Garments under HTSUS Heading 6110” (May 2008).

| Name of firm/organization | Date contacted | Claim US makes same or competing product(s)? | Submission attached? | Opposition noted? |
|---|----------------|--|----------------------|-------------------|
| | | | (Yes/No) | |
| American Apparel & Footwear Association Kevin Burke, 703-797-9037, mrust@apparelandfootwear.org | 02/26/2010 | No | No | No |
| American Fiber Manufacturers Association Paul O'Day, 703-875-0432, oday@afma.org | 02/26/2010 | No | No | No |
| American Manufacturing Trade Action Coalition Augustine Tantillo, 202-452-0866, atantillo@amtacdc.org | 02/26/2010 | No | No | No |
| National Council of Textiles Organizations Cass Johnson, 202- 822-8028, cjohnson@ncto.org | 02/26/2010 | No | No | No |
| National Retail Federation 202-783-7971 Eric Autor, 202-626-8104, cell: 202-250-9580 autore@nrf.com | 02/26/2010 | No | No | No |
| National Textile Association David Trumbull, 617-542-8220, dtrumbull@nationaltextile.org | 02/26/2010 | No | No | No |
| Outdoor Industry Association Alex Boian , 303.327.3509, aboian@outdoorindustry.org | 02/26/2010 | No | No | No |
| Retail Industry Leaders Association Stephanie Lester, 703-841-2300, stephanie.lester@rila.org | 02/26/2010 | No | No | No |
| Sorini, Samet, & Associates Fax: 202-393-4494 Ronald Sorini, 202-393-4481 ext. 206, cell, 630-561-1867, rsorini@ssa-dc.com Keith Jenkins, 202-393-4481, ext 201, kjenkins@ssa-dc.com | 02/26/2010 | No | No | No |
| U.S. Association of Importers of Textiles and Apparel Julia Hughes, 202-783-0720, j.hughes@ids-quota.com | 02/26/2010 | No | No | No |

Technical comments:⁷

In order to avoid creating a second, different definition for a term that is already in use in the HTS, it is suggested that the article description of the proposed heading and the language of the related legal note should be amended as shown on page 1. We note that verifying the stitch count of each component of

⁷ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only Customs is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

each garment is likely to present enforcement and administrative burdens for Customs because it is a labor intensive process. These bills are likely to cause interpretive problems as well because of the complexity of the proposed note. Moreover, the term “knit to shape” as defined in this bill would relate only to garments of interest to the proponents, and not necessarily to the wider range of apparel articles produced worldwide. Suggested language for subdivision (a) of the new U.S. note is included in Commission memoranda pertaining to S. 2581 and other bills relating to that subdivision.

The drafting of this bill, particularly the inclusion of the new legal note (without the affected heading numbers) in each bill of the series, would present problems for the HTS if fewer than all of the bills are enacted and, in particular, if none of the bills related to subdivision (a) are enacted. Because new U.S. note 20 to subchapter II of chapter 99 is already included in S. 2237 and covers unrelated products, it is suggested that subdivision (2) of this bill should be deleted.

ATTACHMENT

Commission Approved Memorandum

on S. 2237

111TH CONGRESS
1ST SESSION

S. 2602

To suspend temporarily the duty on certain men's or boys' knit-to-shape cashmere sweaters.

IN THE SENATE OF THE UNITED STATES

OCTOBER 30, 2009

Mrs. HUTCHISON introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To suspend temporarily the duty on certain men's or boys' knit-to-shape cashmere sweaters.

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 MEN'S OR BOYS' KNIT-TO-SHAPE**
4 **CASHMERE SWEATERS.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of
6 the Harmonized Tariff Schedule of the United States is
7 amended by inserting in numerical sequence the following
8 new heading:

| | | | | | | | |
|---|------------|--|------|-----------|-----------|-------------------------|----|
| “ | 9902.01.00 | Knit-to-shape sweaters for men or boys, wholly of cashmere, as described in U.S. note 21(b) to this subchapter (provided for in subheading 6110.12.10) | Free | No change | No change | On or before 12/31/2011 | ”. |
|---|------------|--|------|-----------|-----------|-------------------------|----|

1 (b) AMENDMENTS TO U.S. NOTES.—

2 (1) IN GENERAL.—Subchapter II of chapter 99
3 of the Harmonized Tariff Schedule of the United
4 States is amended by adding at the end the fol-
5 lowing new U.S. Note:

6 “21. (a) Headings **【9902.01.00 through**
7 **9902.XX.XX】** cover only garments that were knit to
8 shape on flat knitting machines with a stitch count exceed-
9 ing 9 stitches per 2 centimeters but less than or equal
10 to 18 stitches per 2 centimeters, measured on the outer
11 surface of the fabric forming the exterior surface of the
12 garment in the direction on which the stitches are formed.
13 Whenever such fabric is formed using both knit and purl
14 stitches, the purl stitches will be disregarded and only the
15 knit stitches on the outer surface of the fabric will be
16 counted. In order to be eligible for entry under these head-
17 ings—

18 “(1) all of the garment’s component parts, in-
19 cluding any collars, plackets, cuffs, waistbands and
20 pockets, must have been knit to shape; and

1 “(2) all of the garment’s components must have
2 been assembled by looping and linking, including the
3 side seams.

4 “(b) Headings **【9902.01.00 through 9902.XX.XX】**
5 cover only garments that were knit to shape on flat knit-
6 ting machines with a stitch count not exceeding 9 stitches
7 per 2 centimeters, measured on the outer surfaces of the
8 fabric forming the exterior surface of the garment in the
9 direction on which the stitches are formed. Whenever such
10 fabric is formed using both knit and purl stitches, the purl
11 stitches will be disregarded and only the knit stitches on
12 the outer surface of the fabric will be counted. In order
13 to be eligible for entry under these headings—

14 “(1) all of the garment’s component parts, in-
15 cluding any collars, plackets, cuffs, waistbands and
16 pockets, must have been knit to shape; and

17 “(2) all of the garment’s components must have
18 been assembled by looping and linking, including the
19 side seams.”.

20 (2) TECHNICAL CORRECTION.—Such sub-
21 chapter is further amended by striking the first U.S.
22 note 18 to such subchapter (relating to headings
23 9902.14.01 through 9902.14.05) and inserting after
24 U.S. note 19, the following new U.S. Note:

1 “20. For the purposes of subheadings 9902.14.01,
2 9902.14.02, 9902.14.03, 9902.14.04, and 9902.14.05, the
3 term ‘mechanics’ work gloves’ means gloves having the fol-
4 lowing characteristics: synthetic leather palms and fingers;
5 fourchettes of synthetic leather or of fabric in part of
6 nylon or elastomeric yarn; backs comprising either one
7 layer of knitted fabric in part of elastomeric yarn or three
8 layers with the outer layer of knitted fabric in part of elas-
9 tomeric yarn, the center layer of foam and the inner layer
10 of tricot fabric, the foregoing whether or not including a
11 thermoplastic rubber logo or pad on the back; and elastic
12 wrist straps with molded thermoplastic rubber hook-and-
13 loop enclosures.”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section apply to goods entered, or withdrawn from
16 warehouse for consumption, on or after the 15th day after
17 the date of the enactment of this Act.

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