



## MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

### I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at [http://www.usitc.gov/tariff\\_affairs/congress\\_reports/](http://www.usitc.gov/tariff_affairs/congress_reports/).
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

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

Insulated food or beverage bags with outer surface of textile materials of man-made fibers and a removable inner liner of hard plastics, such bags not exceeding 300 mm in length, certified by the importer as containing over 40 percent by weight of recycled plastics (provided for in subheading 4202.92.08)

(If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.)

Description above compared with bill as introduced:

- Same
- Different (see Technical Comments section)

**III. Other product information, including uses/applications and source(s) of imports**

The subject products are insulated food or beverage bags with a fabric outer shell and a removable hard plaster liner composed of 40 percent recycled plastic material by weight. These bags are used to keep food and beverages cool during transportation from one point to another. Most of these insulated bags are imported from China.

**IV. Estimated effect on customs revenue**

Subject product HTS subheading(s)	4202.92.08				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	7	7	7	7	7
Estimated value of <i>dutiable</i> imports (\$)	5,500,000	5,500,000	5,500,000	5,500,000	5,500,000
Customs revenue loss (\$)	385,000	385,000	385,000	385,000	385,000

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, 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 Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce
- Provided by industry sources
- Industry information
- Commission estimates

Duty reduction notes:

- This bill is not a duty reduction
- This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%)  Temporary rate (%)  Percentage point reduction (%)

**V. Technical comments**

The article description set forth above was modified for greater clarity and for consistency with other HTS provisions. The importer certification requirement is useful because Customs officers would not be able to discern that over 40 percent by weight of recycled plastics were used in any particular shipment of bags.

**VI. Continuation**

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## VII. Contacts with domestic firms/organizations

	#	Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
	1	Olivet International Inc. (Interested entity) Collin Muldoon	479-696-9805, x 11	No	No	No
	2	American Discovery Textile Manufacturing Tim Moritz	660-338-2273	No	No	No
	3	American Manufacturing Trade Action Coalition Sara Beatty	202-452-0866	No	No	No
	4	Leather Specialty Company Michael Korchmar	239-333-1000	No	Yes	Yes
	5	National Council of Textile Organizations Mike Hubbard	704-215-4540	No	No	No
	6	National Textile Association David Trumbull	617-542-8220	No	No	No
	7	SEAMS Association Sarah Friedman	803-772-5861	No	No	No
	8	Travel Goods Association Nate Herman	877-842-1938	No	No	No

**From:** MICHAEL KORCHMAR [mailto:mkorchmar@korchmar.com]  
**Sent:** Friday, July 27, 2012 4:57 PM  
**To:** Jones, Jackie  
**Cc:** Mike Hubbard; Maria D'Andrea; Pamela Kirkland; Nate Herman  
**Subject:** Re: senate bills re: insulated bags

Dear Jackie,

Thank you for brining Bills S.2979 and S.2980 to my attention. I would like to express my opposition to the bills. I seriously doubt that there is justification for duty relief on this type of product.

By way of background I am the 3rd generation owner and operator of my families 95 year old manufacturing company, The Leather Specialty Company, and also serve on ITAC 13. We still own and operate factories that produce various custom bags and travel goods made from textile, vinyl, plastic and leather materials in the USA and in The Dominican Republic. We employ over 300 people and, based on the description provided in the bills, believe we are very capable of manufacturing the products listed in these bills and have the capacity to produce these items for which temporary duty free status is being requested. We believe our company could produce these items domestically or in our DR facility. (Items produced in our DR facility would already be eligible for duty free status under DR-CAFTA)

Jackie, I can assure you that maintaining a US and Western Hemisphere manufacturing presence and the jobs so related has been extremely difficult over the last few decades and the last thing we domestic manufacturers need is our Government providing duty free status on products we can produce. If companies are claiming that the products cannot be purchased domestically they are either simply not looking very hard or are unwilling to pay to have these items made outside of Asia.

My company and our employees will most certainly be adversely impacted by passing S.2579 and S.2580 and we would ask that you communicate our objections.

Many thanks in advance for any help you can lend.

Sincerely,

Michael Korchmar  
President, The Leather Specialty Company  
1088 Business Lane  
Naples, Fl 34110

112TH CONGRESS  
2D SESSION

# S. 2580

To suspend temporarily the duty on insulated food or beverage bags with outer surface of man made fiber, with removable inner liner of hard plastic, certified by the importer as containing over 40 percent by weight of recycled plastics, not to exceed 300 mm in length.

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IN THE SENATE OF THE UNITED STATES

MAY 7, 2012

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

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## A BILL

To suspend temporarily the duty on insulated food or beverage bags with outer surface of man made fiber, with removable inner liner of hard plastic, certified by the importer as containing over 40 percent by weight of recycled plastics, not to exceed 300 mm in length.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. INSULATED FOOD OR BEVERAGE BAGS WITH**  
 2 **OUTER SURFACE OF MAN MADE FIBER, WITH**  
 3 **REMOVABLE INNER LINER OF HARD PLAS-**  
 4 **TIC, CERTIFIED BY THE IMPORTER AS CON-**  
 5 **TAINING OVER 40 PERCENT BY WEIGHT OF**  
 6 **RECYCLED PLASTICS, NOT TO EXCEED 300**  
 7 **MM IN LENGTH.**

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

“	9902.01.00	Insulated food or beverage bags with outer surface of man made fiber, with removable inner liner of hard plastic, certified by the importer as containing over 40 percent by weight of recycled plastics, not to exceed 300 mm in length (provided for in sub-heading 4202.92.08) .....	Free	No change	No change	On or before 12/31/2015	”.
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12 (b) EFFECTIVE DATE.—The amendment made by  
 13 subsection (a) applies with respect to goods entered, or  
 14 withdrawn from warehouse for consumption, on or after  
 15 the 15th day after the date of the enactment of this Act.

