

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress ¹**

[Date approved: October 4, 2006]²

Bill No. and sponsor: S. 3344 (Mr. Arlen Specter of Pennsylvania).

Proponent name, location: Brooks Brothers, New York, NY.

Other bills on product (109th Congress only): H.R. 1945 and S. 738.

Nature of bill: Temporary duty suspension through December 31, 2009.

Retroactive effect: None.

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

- HTS heading 9902.52.08 Woven fabrics of cotton, of a type described in subheading 5208.21.60, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.09 Woven fabrics of cotton, of a type described in subheading 5208.22.80, of average yarn number exceeding 135 metric, in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.10 Woven fabrics of cotton, of a type described in subheading 5208.29.80, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.11 Woven fabrics of cotton, of a type described in subheading 5208.31.80, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.

¹ Industry analyst preparing report: Kimberlie Freund (202-708-5402); Tariff Affairs contact: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.

- HTS heading 9902.52.12 Woven fabrics of cotton, of a type described in subheading 5208.32.50, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.13 Woven fabrics of cotton, of a type described in subheading 5208.39.80, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.14 Woven fabrics of cotton, of a type described in subheading 5208.41.80, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.15 Woven fabrics of cotton, of a type described in subheading 5208.42.50, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.16 Woven fabrics of cotton, of a type described in subheading 5208.49.80, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.17 Woven fabrics of cotton, of a type described in subheading 5208.51.80, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.18 Woven fabrics of cotton, of a type described in subheading 5208.52.50, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.

- HTS heading 9902.52.19 Woven fabrics of cotton, of a type described in subheading 5208.59.80, of average yarn number exceeding 135 metric, other than fabrics described in headings 9902.52.20 through 9902.52.31, inclusive, the foregoing certified by the importer to be suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 to this subchapter.
- HTS heading 9902.52.20 Woven fabrics of cotton, of a type described in subheading 5208.21.60 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.21 Woven fabrics of cotton, of a type described in subheading 5208.22.80 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.22 Woven fabrics of cotton, of a type described in subheading 5208.29.80 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.23 Woven fabrics of cotton, of a type described in subheading 5208.31.80 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.24 Woven fabrics of cotton, of a type described in subheading 5208.32.50 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.25 Woven fabrics of cotton, of a type described in subheading 5208.39.80 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.

- HTS heading 9902.52.26 Woven fabrics of cotton, of a type described in subheading 5208.41.80 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.27 Woven fabrics of cotton, of a type described in subheading 5208.42.50 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.28 Woven fabrics of cotton, of a type described in subheading 5208.49.80 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.29 Woven fabrics of cotton, of a type described in subheading 5208.51.80 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.30 Woven fabrics of cotton, of a type described in subheading 5208.52.50 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.
- HTS heading 9902.52.31 Woven fabrics of cotton, of a type described in subheading 5208.59.80 of average yarn number exceeding 135 metric, the foregoing certified by the importer to be wholly of pima cotton grown in the United States, suitable for use in men's and boys' shirts and imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.

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:

This bill would provide duty-free entry for U.S. imports of certain woven cotton fabrics, certified for use in men’s and boys’ shirts and imported by or for U.S. shirtmakers. According to counsel to proponents of the legislation, the intent of the bill is to provide duty-free treatment for the subject fabrics of average yarn numbers exceeding 135 metric.³ These fabrics are generally used in men’s shirts that sell in the upper tier of the retail market.

New U.S. note 18 would apply to all fabrics covered in this legislation (HTS headings 9802.52.08 through 9802.52.31). This note would define the term “manufacturer” as a person or entity that cuts and sews men’s and boys’ shirts in the United States. New U.S. note 19 would impose a quantitative limit on fabrics imported under HTS headings 9902.52.08 through 9902.52.19, based on each company’s imports in 2000. HTS headings 9902.52.20 through 9902.52.31 would provide unlimited duty-free treatment for specified woven fabrics “certified by the importer to be wholly of pima cotton grown in the United States.” Other than the stipulation that the fabrics be wholly of U.S. pima cotton, the second group of fabrics is intended to be identical to the first group of fabrics, referencing the same HTS subheadings.

U.S. imports under the relevant HTS subheadings of all types of fabrics, including the subject men’s shirting fabrics, totaled \$56 million in 2005. However, the fabrics eligible for duty elimination are estimated to be a much smaller portion of these total imports, up to about \$9 million. According to industry sources, the leading suppliers of the subject shirting fabrics are Italy, Portugal, Germany, Taiwan, and China.

Estimated effect on customs revenue:

Commission staff estimates that the dutiable imports of all fabrics covered by the bill are about \$9 million annually. Total dutiable imports and the allocation by HTS heading were estimated based on information provided by industry and official U.S. trade data. However, imports under each of the headings could vary according to market demand. In addition, imports under proposed HTS headings 9902.52.08 through 9902.52.19 are subject to quantitative restrictions by individual manufacturers. The quantity of fabrics that could be imported by each manufacturer is not known, potentially affecting the level and share of imports entering under HTS headings 9902.52.08 through 9902.52.19.

Total Estimated Revenue loss for this Bill					
	2006	2007	2008	2009	2010
Customs revenue loss 1/	\$ 1,248,245	\$1,248,245	\$ 1,248,245	\$ 1,248,245	\$1,248,245

1/ The revenue loss figures for this table and subsequent tables are based on the assumption that the bill covers fabrics only of average yarn number exceeding 135 metric (see technical comments). Source of estimated dutiable import data for this table and following tables: Commission estimates based on industry estimates and official U.S. Government data.

³ David Starr, Williams & Jensen, on behalf of Gitman Shirts, Brooks Brothers, Supima, and Buhler Yarns, e-mail correspondence to USITC staff, Aug. 11, 2006.

HTS subheading: 5208.21.60 pt. (HTS heading 9902.52.08)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	11.5%	11.5%	11.5%	11.5%	11.5%
Estimated value <i>dutiable</i> imports	\$873,000	\$873,000	\$873,000	\$873,000	\$873,000
Customs revenue loss	\$100,395	\$100,395	\$100,395	\$100,395	\$100,395

HTS subheading: 5208.22.80 pt. (HTS heading 9902.52.09)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	11.5%	11.5%	11.5%	11.5%	11.5%
Estimated value <i>dutiable</i> imports	\$380,000	\$380,000	\$380,000	\$380,000	\$380,000
Customs revenue loss	\$43,700	\$43,700	\$43,700	\$43,700	\$43,700

HTS subheading: 5208.29.80 pt. (HTS heading 9902.52.10)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	13.5%	13.5%	13.5%	13.5%	13.5%
Estimated value <i>dutiable</i> imports	\$570,000	\$570,000	\$570,000	\$570,000	\$570,000
Customs revenue loss	\$76,950	\$76,950	\$76,950	\$76,950	\$76,950

HTS subheading: 5208.31.80 pt. (HTS heading 9902.52.11)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
Customs revenue loss	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250

HTS subheading: 5208.32.50 pt. (HTS heading 9902.52.12)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Customs revenue loss	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500

HTS subheading: 5208.39.80 pt. (HTS heading 9902.52.13)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty					
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$142,000	\$142,000	\$142,000	\$142,000	\$142,000
Customs revenue loss	\$17,750	\$17,750	\$17,750	\$17,750	\$17,750

HTS subheading: 5208.41.80 pt. (HTS heading 9902.52.14)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty					
Col. 1-General rate of duty	14.7%	14.7%	14.7%	14.7%	14.7%
Estimated value <i>dutiable</i> imports	\$381,000	\$381,000	\$381,000	\$381,000	\$381,000
Customs revenue loss	\$56,007	\$56,007	\$56,007	\$56,007	\$56,007

HTS subheading: 5208.42.50 pt. (HTS heading: 9902.52.15)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty					
Col. 1-General rate of duty	14.7%	14.7%	14.7%	14.7%	14.7%
Estimated value <i>dutiable</i> imports	\$1,712,000	\$1,712,000	\$1,712,000	\$1,712,000	\$1,712,000
Customs revenue loss	\$251,664	\$251,664	\$251,664	\$251,664	\$251,664

HTS subheading: 5208.49.80 pt. (HTS heading: 9902.52.16)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty (AVE)					
Col. 1-General rate of duty (AVE)	14.7%	14.7%	14.7%	14.7%	14.7%
Estimated value <i>dutiable</i> imports	\$2,430,000	\$2,430,000	\$2,430,000	\$2,430,000	\$2,430,000
Customs revenue loss 2/	\$357,210	\$357,210	\$357,210	\$357,210	\$357,210

HTS subheading: 5208.51.80 pt. (HTS heading: 9902.52.17)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty					
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Customs revenue loss	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500

HTS subheading: 5208.52.50 pt. (HTS heading: 9902.52.18)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
Customs revenue loss	\$1,625	\$1,625	\$1,625	\$1,625	\$1,625

HTS subheading: 5208.59.80 pt. (HTS heading: 9902.52.19)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	11.4%	11.4%	11.4%	11.4%	11.4%
Estimated value <i>dutiable</i> imports	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Customs revenue loss	\$570	\$570	\$570	\$570	\$570

HTS subheading: 5208.21.60 pt. (HTS heading 9902.52.20)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	11.5%	11.5%	11.5%	11.5%	11.5%
Estimated value <i>dutiable</i> imports	\$291,000	\$291,000	\$291,000	\$291,000	\$291,000
Customs revenue loss	\$33,465	\$33,465	\$33,465	\$33,465	\$33,465

HTS subheading: 5208.22.80 pt. (HTS heading 9902.52.21)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	11.5%	11.5%	11.5%	11.5%	11.5%
Estimated value <i>dutiable</i> imports	\$127,000	\$127,000	\$127,000	\$127,000	\$127,000
Customs revenue loss	\$14,605	\$14,605	\$14,605	\$14,605	\$14,605

HTS subheading: 5208.29.80 pt. (HTS heading 9902.52.22)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	13.5%	13.5%	13.5%	13.5%	13.5%
Estimated value <i>dutiable</i> imports	\$190,000	\$190,000	\$190,000	\$190,000	\$190,000
Customs revenue loss 2/	\$25,650	\$25,650	\$25,650	\$25,650	\$25,650

HTS subheading: 5208.31.80 pt. (HTS heading 9902.52.23)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$57,000	\$57,000	\$57,000	\$57,000	\$57,000
Customs revenue loss 2/	\$7,125	\$7,125	\$7,125	\$7,125	\$7,125

HTS subheading: 5208.32.50 pt. (HTS heading 9902.52.24)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Customs revenue loss	\$2,500	\$2,500	\$2,500	\$2,500	\$2,500

HTS subheading: 5208.39.80 pt. (HTS heading 9902.52.25)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$47,000	\$47,000	\$47,000	\$47,000	\$47,000
Customs revenue loss	\$5,875	\$5,875	\$5,875	\$5,875	\$5,875

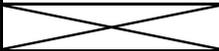
HTS subheading: 5208.41.80 pt. (HTS heading 9902.52.26)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	14.7%	14.7%	14.7%	14.7%	14.7%
Estimated value <i>dutiable</i> imports	\$127,000	\$127,000	\$127,000	\$127,000	\$127,000
Customs revenue loss	\$18,669	\$18,669	\$18,669	\$18,669	\$18,669

HTS subheading: 5208.42.50 pt. (HTS heading: 9902.52.27)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	14.7%	14.7%	14.7%	14.7%	14.7%
Estimated value <i>dutiable</i> imports	\$571,000	\$571,000	\$571,000	\$571,000	\$571,000
Customs revenue loss	\$83,937	\$83,937	\$83,937	\$83,937	\$83,937

HTS subheading: 5208.49.80 pt. (HTS heading: 9902.52.28)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	14.7%	14.7%	14.7%	14.7%	14.7%
Estimated value <i>dutiable</i> imports	\$810,000	\$810,000	\$810,000	\$810,000	\$810,000
Customs revenue loss	\$119,070	\$119,070	\$119,070	\$119,070	\$119,070

HTS subheading: 5208.51.80 pt. (HTS heading: 9902.52.29)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Customs revenue loss	\$500	\$500	\$500	\$500	\$500

HTS subheading: 5208.52.50 pt. (HTS heading: 9902.52.30)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	12.5%	12.5%	12.5%	12.5%	12.5%
Estimated value <i>dutiable</i> imports	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Customs revenue loss	\$500	\$500	\$500	\$500	\$500

HTS subheading: 5208.59.80 pt. (HTS heading: 9902.52.31)					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	11.4%	11.4%	11.4%	11.4%	11.4%
Estimated value <i>dutiable</i> imports	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Customs revenue loss	\$228	\$228	\$228	\$228	\$228

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)	
Brooks Brothers (Proponent) Joe Dixon, 212-309-7288	08/23/2006	No	Yes	No
Williams & Jensen, for Brooks Brothers, Gitman Shirt, Supima Cotton, and Buhler Yarns David Starr, 202-659-8201	08/11/2005	No	Yes	No
Buhler Quality Yarns Corp. Warner Bieri, 706-367-9834	08/15/2006	No	Yes	No
Gitman Shirt Company John Minahan III, 212-581-6968	08/15/2006	No	Yes	No
Individualized Shirt Company Ellen Van Havere, e.vanhavere@individualizedshirts.com	08/16/2006	No	Yes	No
Kenneth Gordon/IAG, Inc. Steve Davidson, steved@tomjames.com	08/15/2006	No	Yes	No
Measure Up Melissa East, 615-666-6664	08/21/2006	No	Yes	No
National Council of Textile Organizations Missy Branson, 202-822-8026 ⁴	08/16/2006	Yes	Yes	No ⁵
Ramtex Bill Beaver, 336-824-5611	08/21/2006	Yes	Yes	No ⁵
Supima Association Jesse Curlee, 602-437-1364	08/28/2006	No	No	No

Technical comments:⁶

It is suggested that the proposed descriptions be modified as shown starting on page 1 of this report. According to the proponent of the legislation, the intent of proposed HTS headings 9902.52.08 through 9902.52.19 is to include only those fabrics that have an average yarn number exceeding 135 metric. Thus, we suggest adding the following language “of average yarn exceeding 135 metric” following the reference to the subheadings. Without the addition of this provision, fabrics of all average yarn numbers could be imported under HTS headings 9902.52.08 through 9902.52.19.

As noted in the legislation, proposed HTS headings 9902.52.08 through 9902.52.31 reference the 6-digit HTS subheadings covering each type of covered fabric (for example, subheading 5208.21), which includes fabrics described at the 8-digit subheading level that would not be eligible for duty-free

⁴ Ms. Branson was contacted; attached submission is from Cass Johnson, President.

⁵ Initially, NCTO and Ramtex opposed S. 3344. In a letter dated September 14, 2006, NCTO and Ramtex withdrew their objections to S. 3344.

⁶ 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.

treatment under the proposed legislation. We defer to Customs as to the advisability of inserting the pertinent 8-digit U.S. rate lines in lieu of the 6-digit international or HS subheadings. We note that the importer of record of fabrics may not be in a position to verify that a fabric woven abroad was in fact made wholly of U.S.-grown pima cotton.

We do not comment on the structure proposed for licensing of firms or other administrative mechanisms; these matters are best addressed by the Executive Branch agencies concerned.

109TH CONGRESS
2^D SESSION

S. 3344

To provide temporary duty reductions for certain cotton fabrics, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 26, 2006

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

A BILL

To provide temporary duty reductions for certain cotton fabrics, and for other purposes.

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. TEMPORARY DUTY REDUCTIONS FOR CERTAIN**

4 **COTTON SHIRTING FABRIC.**

5 (a) CERTAIN COTTON SHIRTING FABRICS.—

6 (1) IN GENERAL.—Subchapter II of chapter 99
7 of the Harmonized Tariff Schedule of the United
8 States is amended by inserting in numerical se-
9 quence the following new headings:

9902.52.08	Woven fabrics of cotton, of a type described in subheading 5208.21, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.09	Woven fabrics of cotton, of a type described in subheading 5208.22, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.10	Woven fabrics of cotton, of a type described in subheading 5208.29, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.11	Woven fabrics of cotton, of a type described in subheading 5208.31, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.12	Woven fabrics of cotton, of a type described in subheading 5208.32, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.13	Woven fabrics of cotton, of a type described in subheading 5208.39, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009

9902.52.14	Woven fabrics of cotton, of a type described in subheading 5208.41, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.15	Woven fabrics of cotton, of a type described in subheading 5208.42, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.16	Woven fabrics of cotton, of a type described in subheading 5208.49, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.17	Woven fabrics of cotton, of a type described in subheading 5208.51, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.18	Woven fabrics of cotton, of a type described in subheading 5208.52, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.19	Woven fabrics of cotton, of a type described in subheading 5208.59, other than fabrics provided for in headings 9902.52.20 through 9902.52.31, certified by the importer to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Notes 18 and 19 of this subchapter.	Free	No change	No change	On or before 12/31/2009

9902.52.20	Woven fabrics of cotton of a type described in subheading 5208.21, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.21	Woven fabrics of cotton of a type described in subheading 5208.22, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.22	Woven fabrics of cotton of a type described in subheading 5208.29, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.23	Woven fabrics of cotton of a type described in subheading 5208.31, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.24	Woven fabrics of cotton of a type described in subheading 5208.32, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.25	Woven fabrics of cotton of a type described in subheading 5208.39, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009

9902.52.26	Woven fabrics of cotton of a type described in subheading 5208.41, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.27	Woven fabrics of cotton of a type described in subheading 5208.42, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.28	Woven fabrics of cotton of a type described in subheading 5208.49, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.29	Woven fabrics of cotton of a type described in subheading 5208.51, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.30	Woven fabrics of cotton of a type described in subheading 5208.52, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009
9902.52.31	Woven fabrics of cotton of a type described in subheading 5208.59, of average yarn number exceeding 135 metric, certified by the importer to be wholly of pima cotton grown in the United States and to be suitable for use in men's and boys' shirts, the foregoing imported by or for the benefit of a manufacturer of men's and boys' shirts under the terms of U.S. Note 18 of this subchapter.	Free	No change	No change	On or before 12/31/2009

1 (2) DEFINITIONS AND LIMITATION ON QUAN-
2 TITY OF IMPORTS.—The U.S. Notes to subchapter II
3 of chapter 99 of the Harmonized Tariff Schedule of
4 the United States are amended by adding at the end
5 the following:

6 “18. For purposes of headings 9902.52.08 through
7 9902.52.31, the term “manufacturer” means a person or
8 entity that cuts and sews men’s and boys’ shirts in the
9 United States.

10 “19. The aggregate quantity of fabrics entered under
11 headings 9902.52.08 through 9902.52.19 from January 1
12 to December 31 of each year, inclusive, by or on behalf
13 of each manufacturer of men’s and boys’ shirts shall be
14 limited to 85 percent of the total square meter equivalents
15 of all imported woven fabrics of cotton containing 85 per-
16 cent or more by weight of cotton used by such manufac-
17 turer in cutting and sewing men’s and boys’ cotton shirts
18 in the United States and purchased by such manufacturer
19 during calendar year 2000.”.

20 (b) DETERMINATION OF TARIFF-RATE QUOTAS.—

21 (1) AUTHORITY TO ISSUE LICENSES AND LI-
22 CENSE USE.—In order to implement the limitation
23 on the quantity of cotton woven fabrics that may be
24 entered under headings 9902.52.08 through
25 9902.52.19 of the Harmonized Tariff Schedule of

1 the United States, as required by U.S. Note 19 to
2 subchapter II of chapter 99 of such Schedule, the
3 Secretary of Commerce shall issue licenses to eligible
4 manufacturers under such headings 9902.52.08
5 through 9902.52.19, specifying the restrictions
6 under each such license on the quantity of cotton
7 woven fabrics that may be entered each year by or
8 on behalf of the manufacturer. A licensee may as-
9 sign the authority (in whole or in part) under the li-
10 cense to import fabric under headings 9902.52.08
11 through 9902.52.19 of such Schedule.

12 (2) LICENSES UNDER U.S. NOTE 19.—For pur-
13 poses of U.S. Note 19 to subchapter II of chapter
14 99 of the Harmonized Tariff Schedule of the United
15 States, the Secretary of Commerce shall issue a li-
16 cense to a manufacturer within 60 days after the
17 manufacturer files with the Secretary of Commerce
18 an application containing a notarized affidavit from
19 an officer of the manufacturer that the manufac-
20 turer is eligible to receive a license and stating the
21 quantity of imported woven fabrics of cotton con-
22 taining 85 percent or more by weight of cotton pur-
23 chased during calendar year 2000 for use in the cut-
24 ting and sewing men’s and boys’ shirts in the United
25 States.

1 (3) AFFIDAVITS.—For purposes of an affidavit
2 described in this subsection, the date of purchase
3 shall be—

4 (A) the invoice date if the manufacturer is
5 not the importer of record; and

6 (B) the date of entry if the manufacturer
7 is the importer of record.

8 **SEC. 2. COTTON TRUST FUND.**

9 (a) ESTABLISHMENT OF TRUST FUND.—

10 (1) IN GENERAL.—There is established in the
11 Treasury of the United States a trust fund to be
12 known as the “Pima Cotton Trust Fund” (in this
13 section referred to as the “Trust Fund”), consisting
14 of such amounts as may be transferred to the Trust
15 Fund under paragraph (2).

16 (2) TRANSFER OF AMOUNTS.—

17 (A) IN GENERAL.—Beginning October 1,
18 2006, the Secretary of the Treasury shall trans-
19 fer to the Trust Fund, from the general fund
20 of the Treasury, amounts determined by the
21 Secretary of the Treasury to be equivalent to
22 the amounts received in the general fund that
23 are attributable to duties received since Janu-
24 ary 1, 1994, on articles under subheadings
25 5208.21.60, 5208.22.80, 5208.29.80,

1 5208.31.80, 5208.32.50, 5208.39.80,
2 5208.41.80, 5208.42.50, 5208.49.80,
3 5208.51.80, 5208.52.50, and 5208.59.80 of the
4 Harmonized Tariff Schedule of the United
5 States, subject to the limitation in subpara-
6 graph (B).

7 (B) LIMITATION.—The Secretary may not
8 transfer more than \$16,000,000 to the Trust
9 fund in any fiscal year, and may not transfer
10 any amount beginning on or after October 1,
11 2008.

12 (3) DISTRIBUTION OF FUNDS.—From amounts
13 in the Trust Fund, the Commissioner of the Bureau
14 of Customs and Border Protection shall make the
15 following payments annually beginning in fiscal year
16 2007:

17 (A) 25 percent of the amounts in the
18 Trust Fund shall be paid annually to a nation-
19 ally recognized association established for the
20 promotion of pima cotton grown in the United
21 States for the use in textile and apparel goods.

22 (B) 25 percent of the amounts in the
23 Trust Fund shall be paid annually to yarn spin-
24 ners of pima cotton grown in the United States,

1 and shall be allocated to each spinner in an
2 amount that bears the same ratio as—

3 (i) the spinner's production of ring
4 spun cotton yarns, measuring less than
5 83.33 decitex (exceeding 120 metric num-
6 ber) from pima cotton grown in the United
7 States in single and plied form during cal-
8 endar year 2002 (as evidenced by an affi-
9 davit provided by the spinner) bears to—

10 (ii) the production of the yarns de-
11 scribed in clause (i) during calendar year
12 2002 for all spinners who qualify under
13 this subparagraph.

14 (C) 50 percent of the amounts in the Trust
15 Fund shall be paid annually to those manufac-
16 turers who cut and sew cotton shirts in the
17 United States who certify that they used im-
18 ported cotton fabric during the period January
19 1, 1998, through July 1, 2003, and shall be al-
20 located to each such manufacturer in an
21 amount that bears the same ratio as—

22 (i) the dollar value (excluding duty,
23 shipping, and related costs) of imported
24 woven cotton shirting fabric of 80s or
25 higher count and 2-ply in warp purchased

1 by the manufacturer during calendar year
2 2002 (as evidenced by an affidavit from
3 the manufacturer that meets the require-
4 ments of paragraph (4)) used in the manu-
5 facturing of men's and boys' cotton shirts,
6 bears to—

7 (ii) the dollar value (excluding duty,
8 shipping, and related costs) of the fabric
9 described in clause (i) purchased during
10 calendar year 2002 by all manufacturers
11 who qualify under this subparagraph.

12 (4) AFFIDAVIT OF SHIRTING MANUFACTUR-
13 ERS.—The affidavit required by paragraph (3)(C) is
14 a notarized affidavit provided by an officer of the
15 manufacturer of men's and boys' shirts concerned
16 that affirms—

17 (A) that the manufacturer used imported
18 cotton fabric during the period January 1,
19 1998, through July 1, 2003, to cut and sew
20 men's and boys' woven cotton shirts in the
21 United States;

22 (B) the dollar value of imported woven cot-
23 ton shirting fabric of 80s or higher count and
24 2-ply in warp purchased during calendar year
25 2002;

1 (C) that the manufacturer maintains in-
2 voices along with other supporting documenta-
3 tion (such as price lists and other technical de-
4 scriptions of the fabric qualities) showing the
5 dollar value of such fabric purchased, the date
6 of purchase, and evidencing the fabric as woven
7 cotton fabric of 80s or higher count and 2-ply
8 in warp; and

9 (D) that the fabric was suitable for use in
10 the manufacturing of men's and boys' cotton
11 shirts.

12 (5) DATE OF PURCHASE.—For purposes of the
13 affidavit under paragraph (4), the date of purchase
14 shall be the invoice date, and the dollar value shall
15 be determined excluding duty, shipping, and related
16 costs.

17 (6) AFFIDAVIT OF YARN SPINNERS.—The affi-
18 davit required by paragraph (3)(B) is a notarized af-
19 fidavit provided by an officer of the producer of ring
20 spun yarns that affirms—

21 (A) that the producer used pima cotton
22 grown in the United States during the period
23 January 1, 2002, through December 31, 2002,
24 to produce ring spun cotton yarns, measuring

1 less than 83.33 decitex (exceeding 120 metric
2 number), in single and plied form during 2002;

3 (B) the quantity, measured in pounds, of
4 ring spun cotton yarns, measuring less than
5 83.33 decitex (exceeding 120 metric number),
6 in single and plied form during calendar year
7 2002; and

8 (C) that the producer maintains sup-
9 porting documentation showing the quantity of
10 such yarns produced, and evidencing the yarns
11 as ring spun cotton yarns, measuring less than
12 83.33 decitex (exceeding 120 metric number),
13 in single and plied form during calendar year
14 2002.

15 (7) NO APPEAL.—Any amount paid by the
16 Commissioner of the Bureau of Customs and Border
17 Protection under this section shall be final and not
18 subject to appeal or protest.

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