

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 108th Congress ¹**

[Date approved: August 27, 2004]²

Bill No. and sponsor: S. 2521 (Rep. Collins).

Proponent name, location: Proctor & Gamble
1 or 2 Proctor & Gamble Plaza
Cincinnati, OH 45201

Other bills on product (108th 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)):

Viscose rayon staple fibers, having a decitex of less than 5.0 and a multi-limbed cross-section, the limbs having a length-to-width ratio of at least 2:1 (provided for in HTS subheading 5504.10.00).

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

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

The subject fibers, tri-lobal rayon staple fibers (measuring 38 mm and 3.3 decitex), are used by Proctor & Gamble as the primary absorbent material in the manufacture of its Tampax® brand tampons. The subject fiber, termed “Galaxy” fiber, was specifically engineered for absorption performance in a joint effort by Proctor & Gamble (then Tambrands) and Accordis, a German rayon fiber manufacturer (formerly known as Courtaulds).

Currently, there is no U.S. production of the subject fiber. Proctor & Gamble imports the subject fiber from the Accordis plant in Germany. According to Proctor & Gamble, the subject fiber is a proprietary product and Accordis holds the patent on its production; Accordis is unwilling to license the patent to any other producer.

¹ Industry analyst preparing report: Richard Qualters (202-205-2334); Tariff Affairs contact: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at <http://www.usitc.gov/billrpts.htm> Access to a paper copy is available at the Commission’s Law Library (202-205-3287) or at the Commission’s Main Library (202-205-2630).

Proctor & Gamble contacted Liberty Fibers Corp, a U.S. supplier of the rayon staple fiber products used in non-woven and industrial applications where absorbency is a requirement, in an effort to obtain a U.S. source of supply. However, Liberty did not produce a fiber that met Proctor & Gamble's specifications.

Estimated effect on customs revenue:

HTS subheading: 5504.10.00					
	2004	2005	2006	2007	2008
Col. 1-General rate of duty (AVE)	4.3%	4.3%	4.3%	4.3%	4.3%
Estimated value <i>dutiable</i> imports	\$13,000,000	\$13,500,000	\$14,000,000	\$14,500,000	\$15,000,000
Customs revenue loss	\$559,000	\$580,500	\$602,000	\$623,500	\$645,000

Source of estimated dutiable import data: Industry estimates.

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)		
BASF, Inc.	7/12/04	No	No	No
Johnson & Johnson, Inc.	7/12/04	No	No	No
Kimberly-Clark Corp.	7/12/04	No	No	No
Liberty Fibers Corp.	7/12/04	No	No	No
Playtex Products, Inc	7/12/04	No	No	No
Rostam , Inc.	7/12/04	No	No	No

Technical comments:³

To be consistent with the permanent tariff category, it is suggested that the article description begin with the phrase “Viscose rayon staple fibers, having...”. We defer to Customs officials on any difficulty that may arise in administering such a technical definition; however, one way to narrow the scope of the provision (assuming the fibers are relatively consistent at approximately 3.3 decitex) might be to modify the second phrase of the description to read “having a decitex of 3 or more but not more than 3.5”. We note that if the proponent wishes to cover filaments as well as staple fibers, such filaments do not fall in the referenced subheading but would likely fall in heading 5403.

³ 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.

108TH CONGRESS
2D SESSION

S. 2521

To suspend temporarily the duty of certain rayon staple fibers.

IN THE SENATE OF THE UNITED STATES

JUNE 15, 2004

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

A BILL

To suspend temporarily the duty on certain rayon staple fibers.

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. SUSPENSION OF DUTY ON CERTAIN RAYON**
4 **STAPLE FIBERS.**

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:

“	9902.55.04	Viscose filament rayons having a decitex of less than 5.0 and a multi-limbed cross-section, the limbs having a length-to-width aspect ratio of at least 2:1 (provided for in subheading 5504.10.00)	Free	No change	No change	On or before 12/31/2008	”.
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1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) applies to articles entered, or withdrawn
3 from warehouse for consumption, on or after the 15th day
4 after the date of the enactment of this Act.

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