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Nepal: Advice Concerning Whether Certain
Textile and Apparel Articles Are Import
Sensitive

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Chapter 1

Introduction and Summary of Advice

Introduction¹

This report by the U.S. International Trade Commission (Commission or USITC) provides advice relating to whether 66 HTS 8-digit subheadings are import sensitive in the context of U.S. imports from Nepal, as requested by the U.S. Trade Representative (USTR).² The USTR asked that the advice include the probable economic effect—on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers—of the elimination of U.S. import duties on the textile and apparel articles from Nepal specified in the table attached to his letter.

On February 24, 2016, the President signed the Trade Facilitation and Trade Enforcement Act of 2015 (the Act) (Public Law 114-125) into law. Section 915 of the Act authorizes the President to establish a trade preference program for Nepal (box 1.1). Before determining whether an article is eligible for preferential duty-free treatment under the Act, the President is required to receive the advice of the Commission, in accordance with section 503(e) of the Trade Act of 1974 as to whether the articles are import sensitive in the context of U.S. imports from Nepal. The USTR also requested that the Commission provide probable economic effect advice, as well as U.S. import data and, to the extent available, U.S. export data, separately and individually for each HTS subheading covered in this investigation.

For the purposes of this investigation, the Commission has divided the 66 HTS 8-digit textile and apparel subheadings that are being considered for designation as eligible articles into eight product groupings below, which are covered in separate chapters of this report (table 1.1). Eligible products covered in this report include certain luggage articles; certain handbags; certain pocket goods; certain travel bags and other containers; certain carpets and rugs; certain shawls, scarves, headbands, and blankets; certain hats; and certain gloves.

¹ The information in these chapters is for the purpose of this report only. Nothing in this report should be construed as indicating how the Commission would find in an investigation conducted under any other statutory authority.

² This investigation was instituted at the request of the USTR in a letter dated March 30, 2016. See appendix A for the request letter, and see appendix B for a copy of the Commission's notice of institution of investigation and scheduling of a public hearing published in the *Federal Register* in response to the request letter.

Box 1.1: New Trade Preferences for Nepal

The Act includes a list of 66 HTS 8-digit subheadings potentially eligible for duty-free treatment, provided that the program's eligibility requirements are met and that the President determines that these articles are not import sensitive in the context of U.S. imports from Nepal. Industry sources report that the list of products was carefully negotiated between the government of Nepal and members of the U.S. Congress, in consultation with the U.S. textile industry and the USTR, to avoid including sensitive or similar products manufactured by U.S. producers. The United States is one of the largest consumer markets for these textile and apparel products. The European Union (EU), another large consumer market for these goods, extends comprehensive duty-free treatment to Nepal under its Everything But Arms (EBA) initiative.^a

The program's eligibility requirements are drawn directly from those in the African Growth and Opportunity Act (AGOA) and the Generalized System of Preferences (GSP). They include criteria such as progress towards establishing a market-based economy, rule of law, elimination of barriers to U.S. trade and investment, protection of worker rights, and effective protection of intellectual property rights. The preferential rule of origin for goods under the new Nepal program contains criteria similar to those in GSP, requiring that a minimum of 35 percent of the value of the good to be added in Nepal. Up to 15 percent of that requirement may be met by materials or processes of U.S. origin. By contrast, the GSP rule does not allow U.S. content to count towards the 35 percent value added. Additionally, textile or apparel goods must be a product from Nepal according to U.S. rules for marking country of origin and all goods must be imported directly from Nepal into the customs territory of the United States.

Thirty-seven of the 66 HTS 8-digit subheadings are currently eligible for GSP. Effective July 1, 2016, for the first time, 27 of these HTS subheadings covering certain luggage articles, certain handbags, certain pocket goods, and certain travel bags and other containers, were granted duty-free treatment under the GSP program.^b Nepal is designated as a least-developed beneficiary developing country under the GSP program; therefore, there is some overlap between the GSP and the proposed Nepal preference program. However, in addition to the difference in the preferential rules noted above, the GSP program currently expires in December 2017; the Nepal program expires in December 2025.

Sources: Public Law 114-125, signed into law on February 24, 2016; paragraphs (1), (2), and (3) of section 104(a) of the African Growth and Opportunity Act (19 U.S.C. 3703(a)); section 502 of the Trade Act of 1974 (19 U.S.C. 2462); Rules of Origin for Textile and Apparel Products, 19 U.S.C. 102.21.

^a The EU's EBA initiative was established in 2001 to give all least-developed countries duty-free and quota-free access to the EU market for all exports, with the exception of arms and armaments.

^b Information on GSP eligibility is noted in the product chapters.

Table 1.1: Products being considered for designation as eligible products for Nepal trade preferences, by USITC product grouping

Product Groupings	HTS Subheadings
Certain luggage articles and attaché cases	4202.11.00, 4202.12.20, 4202.12.40, 4202.12.60, 4202.12.80
Certain handbags	4202.21.60, 4202.21.90, 4202.22.15, 4202.22.40, 4202.22.45, 4202.22.60, 4202.22.70, 4202.22.80, 4202.29.50, 4202.29.90
Certain pocket goods	4202.31.60, 4202.32.40, 4202.32.80, 4202.32.95
Certain travel, sports and similar bags, backpacks, and other containers	4202.91.00, 4202.92.08, 4202.92.15, 4202.92.20, 4202.92.30, 4202.92.45, 4202.92.60, 4202.92.90, 4202.99.90
Certain carpets and other textile floor coverings (rugs)	5701.10.90, 5702.31.20, 5702.49.20, 5702.50.40, 5702.50.59, 5702.91.30, 5702.91.40, 5702.92.90, 5702.99.15, 5703.10.20, 5703.10.80, 5703.90.00, 5705.00.20, and 6308.00.00
Certain shawls, scarves, headbands, and blankets	6117.10.60, 6214.10.10, 6214.10.20, 6214.20.00, 6214.40.00, 6214.90.00, and 6301.90.00, and 6117.80.85, 6217.10.85
Certain hats	6504.00.90, 6505.00.08, 6505.00.15, 6505.00.20, 6505.00.25, 6505.00.30, 6505.00.40, 6505.00.50, 6505.00.60, 6505.00.80, 6505.00.90, 6506.99.30, 6506.99.60
Certain gloves	4203.29.50, 6216.00.80

Nepal is a landlocked country with 31.5 million inhabitants located in South Asia, and bordering China and India.³ Based on GDP per capita, Nepal is among the poorest and least developed countries in the world. Agriculture and tourism account for the majority of Nepal's GDP. The unemployment rate in Nepal is along the highest in the world, estimated at 46 percent in 2008. A massive earthquake in April 2015 damaged infrastructure and homes, resulting in a setback to economic development.

Nepal is a small supplier of textiles and apparel to the U.S. market, supplying less than 0.05 percent of total U.S. imports of textiles and apparel in 2015.⁴ U.S. imports under the 66 HTS 8-digit subheadings from Nepal totaled \$7.9 million in 2015, or roughly 13 percent of all U.S. textile and apparel imports from Nepal that year.⁵ Compared to the broader category of textiles and apparel, products subject to this investigation faced a relatively low trade-weighted average duty of 7.8 percent ad valorem in 2015, compared to an average of 14.5 percent for all U.S. imports of textiles and apparel that year.⁶ U.S. imports under the 66 HTS 8-digit subheadings from Nepal declined 7 percent from May 2015 to May 2016, with no reported U.S. imports for 20 of the 66 subject subheadings from Nepal during that period.⁷

³ Information in this paragraph is largely based on Central Intelligence Agency, "Nepal" (accessed May 25, 2016).

⁴ USITC DataWeb/USDOC (accessed May 25, 2016).

⁵ Ibid. (accessed various dates).

⁶ Ibid. (accessed various dates).

⁷ Ibid. (accessed various dates).

Chapter 2

Certain Luggage Articles

Table 2.1: Certain luggage articles

HTS subheading	Description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem equivalent)
4202.11.00 ^a	Luggage articles and attaché cases with outer surface of leather	8.0
4202.12.20 ^b	Luggage articles and attaché cases with outer surface of plastic	20.0
4202.12.40 ^a	Luggage articles and attaché cases with outer surface of cotton, not of pile or tufted construction	6.3
4202.12.60	Luggage articles and attaché cases with outer surface of non-cotton vegetable fibers, not of pile or tufted construction	5.7
4202.12.80 ^b	Other luggage, attaché cases, and similar articles with outer surface of textile materials (silk, cotton, manmade, and other fibers)	17.6

^a Effective July 1, 2016, designated as eligible for preferential duty treatment under the Generalized System of Preferences (GSP).

^b Effective July 1, 2016, this 2015 HTS subheading was deleted, and replaced by new 2016 HTS subheadings, which were subdivided and GSP eligibility granted to some, but not all, articles previously classified under the 2015 HTS subheading. See appendix E for a correlation between 2015 and updated 2016 HTS subheadings.

Description and uses. Luggage articles covered in this chapter (“certain luggage articles”) include trunks, suitcases (with or without wheels), vanity and makeup cases, hatboxes, and similar containers that are designed to provide protection, organization, and portability for clothing and personal effects during travel. These certain luggage articles also include attaché cases, briefcases, school satchels, messenger bags, portfolios, and similar articles designed for the storage, protection, organization, and portability of documents and other items usually carried to and from school or the office. Certain luggage articles also include occupational luggage, such as briefcases specially designed and fitted for medical instruments. These luggage articles may be rigid or with a rigid foundation, or soft and without a foundation.

The outer surface may be of leather or composition leather,⁸ of plastic sheeting, or of cotton, non-cotton vegetable fiber, or manmade fiber textile materials. Other than specifying the material used for the outer surface, the tariff classifications make no distinction for style or quality of materials. Luggage articles of varying degrees of complexity, quality, craftsmanship, and price may all be classified under the same Harmonized Tariff System (HTS) subheading.

Advice

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Profile of U.S. Travel Goods Industry and Market

The U.S. travel goods⁹ industry has experienced a decline over the last few decades as many U.S. producers have exited the industry.¹⁰ Due to higher U.S. labor costs and the labor-intensive nature of the industry, most of the manufacturing in this sector has moved offshore to lower-

⁸ “Composition leather” is made from recycled leather offcuts, trimmings, and shavings, which would normally be waste. “Wet blue” is used to describe leather (normally blue in color) that comes straight from tanning and has had no other treatments. The fibers of offcuts and trimmings from wet blue waste leather are recycled and used to create more ecologically sound forms of leather such as composition leather. Composition leather or bonded leather gives a higher yield than genuine leather, since it is cut from a uniform roll rather than from hides. It is different from imitation or faux leather, which is made from materials such as plastics, rubber, paper and paperboard, or coated textile fabrics, rather than from natural leather offcuts, trimmings, or shavings. Composition Leather website, <http://www.compositionleather.com> (accessed May 15, 2016); WCO, Harmonized System (HS) database (accessed May 15, 2016).

⁹ For purposes of the travel goods discussion in this chapter, travel goods include luggage articles, attaché cases, pocket goods, travel bags, backpacks, sports bags, and other containers (i.e., products covered in chapters 2, 4, and 5). Handbags are not included as part of the travel goods discussion; see chapter 3 for a discussion on handbags.

¹⁰ IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 8.

cost foreign countries, primarily Vietnam and China.¹¹ Industry representatives producing or importing travel goods in larger commercial quantities confirmed there is little to no U.S. production of travel goods.¹² According to industry sources, some U.S. firms have tried in recent years to establish production facilities in the United States, but failed because of the lack of skilled labor, high wage rates, and the limited availability of raw materials.¹³

There are a limited number of small to medium-sized U.S.-based manufacturers producing travel goods.¹⁴ The U.S. producers that remain in the industry are focused on niche markets and cater to specialized customer bases, such as quality-conscious consumers and the U.S. military.

Some U.S. producers of travel goods have changed their brand focus to higher-value, better-quality niche products, in order to cater to consumers with unique or customized requests. Another growing segment of the niche market is composed of consumers desiring a “Made in the USA” travel good product. Moreover, a handful of U.S. firms that produce articles for the

U.S. Department of Defense under Berry Amendment contracts¹⁵ also sell a small volume of Berry-compliant travel goods directly to consumers via the Internet.¹⁶ Some U.S.-headquartered firms that produce travel goods no longer manufacture those goods in the United States. Instead they have changed their focus to design, marketing, sales support operations, warranty services, and replacement and repair services in the United States.¹⁷ Coach Inc. is an example of a U.S.-headquartered company that does not manufacture in the United States, although they retain domestic design operations.¹⁸

¹¹ Ibid., 4.

¹² USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 50.

¹³ Ibid., 51.

¹⁴ For examples of various types of travel goods produced domestically, see Tough Traveler Limited's website, <http://www.toughtraveler.com/>; Savannah Luggage Work's website, <http://www.savannahluggage.com>; and Korchmar's website, <http://www.korchmar.com/>.

¹⁵ USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016. According to the U.S. Department of Commerce (USDOC), “the Berry Amendment is a statutory requirement that restricts the U.S. Department of Defense (DoD) from using funds appropriated or otherwise available to DoD for procurement of clothing, fabrics, fibers, yarns, and other made-up textiles that are not grown or produced in the United States. The Berry Amendment has been critical to the viability of the textile and clothing production base in the United States.” USDOC, ITA, OTEXA, “The Berry Amendment” (accessed May 29, 2016).

¹⁶ These producers’ websites generally noted that goods are made in the United States, and also offered goods for sale direct to the consumer. For examples of firms offering luggage articles and attaché cases made in the United States see Custom Hide website, <http://www.customhide.com/>; Duluth Pack website, <https://www.duluthpack.com/>; J.W. Hulme Co. website, <http://www.jwhulmeco.com/>; Jackson Wayne website, <https://jacksonwayne.com/>; Korchmar website, <http://www.korchmar.com/>; Tough Traveler website, <http://www.toughtraveler.com/> (all accessed June 20, 2016).

¹⁷ IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 6.

¹⁸ Ibid., 6.

The United States is considered a major global export market for travel goods, along with the European Union (EU) and Japan. Travel goods may be sold in a range of retail, mass merchandising, outlet, and department stores; via e-commerce websites; through wholesale outlets; and in niche specialty markets for artisan and “fair trade”¹⁹ merchandise.²⁰

Profile of U.S. Industry and Market for Certain Luggage Articles, 2011–15

The estimated U.S. market for certain luggage articles was \$1.4 billion in 2015, of which 85 percent of consumption in the United States was supplied by imports (table 2.3). U.S. consumption of certain luggage articles increased during 2011–15 as a result of demand for premium luggage.²¹ Further, U.S. consumption of certain luggage articles has been increasing due to more disposable income for personal expenditures, including travel, leading U.S. consumers to increase their purchases of lighter, handheld luggage articles.

The Commission estimates that less than 25 U.S. producers actively engage in the production of certain luggage articles. U.S. producers of certain luggage articles also design and make higher-end luxury items for a niche market of U.S. consumers, who either wish to buy U.S.-made products or who want a custom-made, high-quality, or artisan luggage article.²² U.S. producers and importers may market certain luggage articles to schools, universities, sports tournaments, or corporate events and embellish the bags with logos or other custom messages, often with embroidery done by employees in the United States.²³

¹⁹ The World Fair Trade Organization (WFTO) defines “fair trade” as “[a] partnership based on dialogue, transparency and respect that seeks greater equity in international trade. [Fair trade] contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers. The ten principles of fair trade include: 1) opportunities for disadvantaged producers ; 2) transparency and accountability; 3) fair trade practices ; 4) fair payment; 5) no child labor, no forced labor; 6) no discrimination, gender equity, freedom of association; 7) good working conditions; 8) capacity building; 9) the promotion of fair trade; and 10) respect for the environment.” WFTO, 10 Principles of Fair Trade, <http://www.wfto.com/fair-trade/10-principles-fair-trade> (accessed August 1, 2016). In the United States, the Fair Trade Federation represents over 200 importers and retailers committed to fair trade principles, USITC hearing transcript, June 9, 2016, 78 (testimony of Mac McCoy, dZi, Inc.).

²⁰ USITC, hearing transcript, June 9, 2016, 77 (testimony of Mac McCoy, dZi, Inc.).

²¹ IBISWorld, *Leather Good and Luggage Manufacturing in the US*, January 2016, 13.

²² USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 52.

See, generally, Korchmar website, <http://www.korchmar.com/index.php?level2=about> (accessed July 13, 2016); Allen Edmonds website (customer of Korchmar), <http://www.allenedmonds.com/accessories/bags-wallets-cases/bags-briefcases/> (accessed July 13, 2016).

²³ USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 52.

Table 2.3: Certain luggage articles (HTS subheadings 4202.11.00, 4202.12.20, 4202.12.40, 4202.12.60, and 4202.12.80): U.S. producers, employment, shipments, trade, consumption, import-to-consumption ratio, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (1,000 employees) ^b	(^c)	2.9	2.7	2.7	(^c)
Shipments (1,000 \$) ^d	(^c)	307,189	286,807	280,800	290,000
Exports (1,000 \$) ^e	96,693	93,699	105,150	91,522	92,827
Imports (1,000 \$)	997,556	1,029,024	1,055,333	1,107,347	1,155,773
Consumption (1,000 \$)	(^c)	1,242,514	1,236,990	1,296,625	1,352,946
Import-to-consumption ratio (%)	(^c)	83	85	85	85
Capacity utilization (%)	(^c)	(^c)	(^c)	(^c)	(^c)

Source: U.S. imports compiled from official statistics from the U.S. Department of Commerce.

^a USITC estimates that there are less than 25 domestic producers of the subject product.

^b Employment data based on U.S. Census Bureau, *Annual Survey of Manufactures (ASM)*, “2014 Statistics for Industry Groups and Industries,” NAICS code 3169981, luggage (accessed May 4, 2016).

^c Not available.

^d Shipment data based on U.S. Census Bureau, ASM, “2014 Value of Product Shipments,” NAICS code 3169981, luggage. Shipments for 2015 are a USITC estimate based on trend.

^e Exports are in a residual or “basket” category and may contain non-subject products in addition to the subject HTS subheadings. Export figures may include some re-exports of foreign-produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada and Latin American countries.²⁴

U.S. Imports from Nepal and Industry in Nepal

U.S. imports of certain luggage articles from Nepal totaled \$23,749 in 2015. As a percentage of total U.S. imports of these articles, U.S. imports from Nepal were negligible in 2015 (table 2.4). U.S. imports of certain luggage articles from Nepal remained steady from 2014 to 2015, but realized a nearly fivefold increase from 2011 when imports of these goods from Nepal totaled just \$5,179 to 2015. Approximately 97 percent of U.S. imports from Nepal in 2015 were articles of cotton, not of pile or tufted construction (HTS subheading 4202.12.40), and of textile materials (silk, manmade, or other vegetable fibers) (HTS subheading 4202.12.80). The latter subheading includes articles made from felted wool and articles made from non-cotton vegetable fibers, many of which come from plants that are indigenous to Nepal (see box 2.1). Buyers of these goods from Nepal are primarily wholesalers specifically interested in handmade craft items; sales are generated online or by exhibiting at the major wholesale trade shows attended by retailers in the gift industry.²⁵

²⁴ Ibid, 51.

²⁵ USITC, hearing transcript, June 9, 2016, 77 (testimony of Mac McCoy, dZi, Inc.).

Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive

Table 2.4: Certain luggage articles (HTS subheadings 4202.11.00, 4202.12.20, 4202.12.40, 4202.12.60, and 4202.12.80): U.S. imports, U.S. imports from Nepal, Nepal share of total U.S. imports, and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. Imports	Imports from Nepal	Percent Share Nepal	Percent of U.S. consumption
Certain luggage articles	1,155,773	24	(^d)	(^d)
4202.11.00 ^a	111,333	(^c)	(^d)	(^d)
4202.12.20 ^b	351,915	(^c)	(^d)	(^d)
4202.12.40 ^a	20,210	12	(^d)	(^d)
4202.12.60	16,545	0	(^d)	(^d)
4202.12.80 ^b	655,769	11	(^d)	(^d)

^a Effective July 1, 2016, designated as eligible for preferential duty treatment under GSP.

^b Effective July 1, 2016, this 2015 HTS subheading was deleted, and replaced by new 2016 HTS subheadings, which were subdivided and GSP eligibility granted to some, but not all, articles previously classified under the 2015 HTS subheading. See appendix E for a correlation between 2015 and updated 2016 HTS subheadings.

^c Less than \$500.

^d Less than 0.5 percent.

Box 2.1: Traditional Nepali Materials and Manufacturing: Hand-felted Wool and Indigenous Plants

Nepali artisans rely on traditional Nepali processes such as hand-felting and indigenous plant materials, such as allo (Himalayan nettle), hemp, or jute to form the fabric from which Nepal’s handicraft items are made.

Hand-felting of wool is considered a traditional art and a specialty of Nepal. In the Himalayan region, items made from felt such as carpets (*radi*) and blankets (*pakhi*) were traditionally used to insulate against extremely cold weather. “Felt also has religious value, is considered pure, and is used in funerals.” Nepali felt products covered in this investigation include certain bags, carpets, purses, hairbands, hats, and shawls. Although both sheep and yak wool are available in Nepal, artisans producing handicraft items for export rely on higher-quality raw wool imported from Australia and New Zealand. The wool is carded, dyed, and transformed into felt or other knitted goods in Nepal.

In addition to locally sourced hemp and jute, Nepal is one of the few countries where allo fiber from the Himalayan nettle is used to make products such as bags, hats, and table mats. After being harvested by farmers, the stems of the plant are prepared for processing by women in the villages by soaking the stems up to 24 hours. Once soaked, the stems are beaten and dried, and then the fibers are spun into yarn. These yarns are used to make the fabric from which the finished products are made.

Sources: Embassy of Nepal, written submission to the U.S. International Trade Commission in connection with inv. no. 332-558, *Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive*, May 25, 2016, 41–44; USITC, hearing transcript, June 9, 2016, 60 (testimony of Murari Gautam Upadhyya, advisor to the Minister of Commerce and Supplies).

Production of certain luggage articles in Nepal is carried out by cottage industry workers and by small and medium-sized enterprises. The Government of Nepal estimates there are currently 500 producers of certain luggage articles in Nepal employing a total of 7,500 workers, of which 5,000 are individual artisans. The Government of Nepal has identified the luggage subsector as a target for investment in order to increase production capacity, stating that it “is not currently

a strength of Nepal.”²⁶ Nepali industry representatives concurred and explained that, unlike other handmade goods produced by Nepali artisans, luggage articles require more technical input, machinery, and training, which producers in Nepal currently do not have.²⁷

U.S. Imports

U.S. imports of certain luggage articles reached \$1.2 billion in 2015, an increase of 4 percent from 2014 and of nearly 16 percent from 2011 (table 2.5). China was the primary supplier of goods under each of the HTS subheadings covered by this chapter in 2015 (tables 2.6–2.10). During the period 2011–15, Vietnam also emerged as an important source for certain luggage articles, surpassing previously second-ranked Thailand in 2015.

Table 2.5: Certain luggage articles: U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	821,354,434	825,223,135	842,286,565	882,118,225	913,040,720
Vietnam	21,676,365	22,888,811	25,926,404	33,215,558	47,904,711
Thailand	26,935,163	33,941,815	36,999,322	41,933,865	45,141,380
Canada	28,851,600	29,487,124	28,266,025	30,900,602	32,056,397
France	32,926,632	35,464,323	33,369,955	29,179,523	31,002,745
Italy	18,749,017	26,328,728	24,586,828	24,820,314	21,877,565
India	7,460,533	8,112,650	8,007,830	9,275,995	10,992,091
Mexico	4,974,432	7,356,586	8,967,322	12,572,281	7,767,341
Hong Kong	4,372,122	4,193,924	5,520,420	4,632,800	6,003,693
Spain	2,831,662	4,386,813	5,420,720	5,549,433	5,052,608
All other	27,423,775	31,640,001	35,982,027	33,148,721	34,934,187
Total	997,555,735	1,029,023,910	1,055,333,418	1,107,347,317	1,155,773,438
Nepal	5,179	14,036	38,036	23,247	23,749

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

²⁶ Embassy of Nepal, written submission to the USITC, May 25, 2016, 40.

²⁷ USITC, hearing transcript, June 9, 2016, 61 (testimony of Ashish Kumar Sengupta, Garment Association of Nepal).

Table 2.6: Trunks, suitcases, vanity and all other cases, occupational luggage and like containers, with surface of leather, composition or patent leather (HTS subheading 4202.11.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	50,616,193	63,930,403	60,078,557	61,238,758	50,108,881
Vietnam	695,024	2,565,065	5,006,566	10,261,091	16,876,182
Italy	11,215,393	15,202,155	15,714,162	16,961,954	15,229,646
France	13,000,303	14,169,653	12,088,398	10,230,630	9,044,877
India	4,737,844	5,178,704	5,192,602	5,769,370	6,033,708
Mexico	2,638,489	4,306,631	6,177,344	9,037,292	2,931,651
Spain	432,775	972,787	1,795,373	1,745,807	1,949,896
Colombia	1,570,469	1,540,481	2,000,898	1,850,255	1,486,584
United Kingdom	1,459,185	1,710,016	1,583,979	1,502,776	1,419,501
Philippines	11,664	50,182	25,594	658,168	1,201,406
All other	4,065,904	4,441,029	3,562,114	5,123,631	5,050,807
Total	90,443,243	114,067,106	113,225,587	124,379,732	111,333,139
Nepal	531	255	915	1,119	387

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 2.7: Trunks, suitcases, vanity and attaché cases, occupational luggage and similar containers, with outer surface of plastics (HTS subheading 4202.12.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	121,291,971	142,625,626	182,305,146	199,119,052	246,038,057
Canada	27,587,689	28,418,449	27,253,924	28,261,479	29,742,999
France	17,783,316	19,395,809	19,565,551	17,630,929	20,791,547
Thailand	186,557	5,192,984	7,153,402	8,033,814	12,401,778
Vietnam	1,077,692	1,400,165	4,216,701	3,559,080	4,613,026
South Korea	62,017	93,891	160,312	1,916,697	4,130,170
Mexico	2,054,861	2,919,142	2,402,219	3,100,425	3,823,895
Hungary	3,155,117	1,984,120	4,350,172	3,872,729	3,704,439
Italy	3,488,683	4,874,154	4,455,676	4,077,255	3,595,339
Spain	2,252,255	3,131,863	3,558,572	3,725,373	3,019,866
All other	13,218,553	16,021,913	18,028,784	15,998,041	20,053,681
Total	192,158,711	226,058,116	273,450,459	289,294,874	351,914,797
Nepal	0	2,405	299	338	406

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 2.8: Trunks, suitcases, vanity and attaché cases, occupational luggage and like containers, surfaces of cotton, not of pile or tufted construction (HTS subheading 4202.12.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	37,419,113	33,698,657	30,102,392	19,738,562	16,625,257
India	1,383,247	1,374,388	1,114,127	1,341,089	1,382,154
France	1,303,402	744,909	1,232,539	999,100	791,125
Vietnam	506,583	1,046,293	1,599,174	523,403	426,551
Italy	365,437	124,189	138,898	134,137	204,372
Mexico	19,883	33,696	47,203	37,888	155,956
Hong Kong	43,231	80,253	391,424	620,971	101,148
Indonesia	66,397	309,746	768,460	172,154	89,684
Japan	37,190	10,837	2,197	9,052	69,302
Bangladesh	0	0	99,677	183,273	58,073
All other	408,240	706,045	437,205	342,420	307,294
Total	41,552,723	38,129,013	35,933,296	24,102,049	20,210,916
Nepal	2,279	4,545	6,909	11,030	12,439

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 2.9: Trunks, suitcases, vanity and attaché cases, occupational luggage and like containers, with outer surface of vegetable fibers, excluding of cotton (HTS subheading 4202.12.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	17,201,377	14,677,751	13,275,324	12,784,602	15,703,364
India	75,550	27,738	48,577	141,246	182,475
Vietnam	62,034	254	0	94,739	119,852
Germany	58,336	34,019	110,535	52,314	112,126
Italy	48,656	97,149	71,992	137,212	90,954
Hong Kong	127,831	44,493	180,370	4,339	65,419
Taiwan	100,244	28,178	16,610	56,617	38,403
United Kingdom	34,338	62,106	58,676	51,786	34,932
Spain	3,811	707	2,071	3,049	28,639
France	43,606	1,402	23,395	7,505	25,646
All other	552,340	163,476	144,657	184,565	143,434
Total	18,308,123	15,137,273	13,932,207	13,517,974	16,545,244
Nepal	953	1,141	14,518	816	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive

Table 2.10: Trunks, suitcases, vanity and attaché cases, occupational luggage and similar containers, with outer surface of textile materials, not elsewhere specified or included (n.e.s.o.i.) (HTS subheading 4202.12.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	594,825,780	570,290,698	556,525,146	589,237,251	584,565,161
Thailand	26,325,779	28,226,226	29,455,819	33,486,788	32,207,309
Vietnam	19,335,032	17,877,034	15,103,963	18,777,245	25,869,100
Hong Kong	2,945,044	2,333,893	3,025,857	2,045,334	3,394,276
Italy	3,630,848	6,031,081	4,206,100	3,509,756	2,757,254
Canada	637,545	633,390	561,853	1,951,543	1,484,531
Mexico	256,387	96,733	292,216	396,676	833,249
Taiwan	1,319,759	2,231,466	2,731,709	746,330	695,846
India	173,100	146,646	188,548	562,769	610,940
Germany	218,435	275,239	183,891	568,520	537,837
All other	5,425,226	7,489,996	6,516,767	4,770,476	2,813,839
Total	655,092,935	635,632,402	618,791,869	656,052,688	655,769,342
Nepal	1,416	5,690	15,395	9,944	10,517

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Chapter 3

Certain Handbags

Table 3.1: Certain handbags

HTS subheading	Description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem equivalent)
4202.21.60 ^a	Certain leather handbags, with outer surface of leather, value less than or equal to \$20	10.0
4202.21.90 ^a	Certain leather handbags, with outer surface of leather, value greater than \$20	9.0
4202.22.15 ^a	Handbags with outer surface of sheeting of plastic	16.0
4202.22.40	Handbags with outer surface of textile materials other than abaca, wholly or in part of braid	7.4
4202.22.45 ^a	Handbags with outer surface of cotton, not of pile or tufted construction, and not wholly or in part of braid	6.3
4202.22.60	Handbags with outer surface of non-cotton vegetable fiber, not of pile or tufted construction, and not wholly or in part of braid	5.7
4202.22.70	Handbags with outer surface containing silk or silk waste, not wholly or in part of braid	7.0
4202.22.80 ^b	Handbags with outer surface of textile materials, not wholly or in part of braid, n.e.s.o.i. (cotton, manmade fiber, other, or paper yarn)	17.6
4202.29.50	Handbags of other materials, not plastic or wood, wholly or mainly covered with paper	7.8
4202.29.90	Other handbags	20.0

^a Effective July 1, 2016, designated as eligible for preferential duty treatment under the Generalized System of Preferences (GSP).

^b Effective July 1, 2016, this 2015 HTS subheading was deleted, and replaced by new 2016 HTS subheadings, which were subdivided and GSP eligibility granted to some, but not all, articles previously classified under the 2015 HTS subheading. See appendix E for a correlation between 2015 and updated 2016 HTS subheadings.

Description and uses. A handbag is a bag or a small case that is designed to hold personal effects that would normally be carried on a daily basis; it may or may not have a shoulder strap and/or handles. The handbags covered in this chapter (“certain handbags”) include those with an outer surface of either leather or composition leather;²⁸ sheeting of plastic; cotton, non-cotton vegetable fiber, silk or silk waste, or manmade fiber textile materials; or other materials, whether or not covered with paper. For leather handbags, the HTS subheadings distinguish between handbags valued at less than or equal to \$20 each, and those valued at more than \$20. For the remainder of the handbags in this product grouping, other than specifying the material used for the outer surface, the HTS subheadings make no distinction for style, type, or

²⁸ See footnote 8, pg. 6.

quality of materials. Therefore, handbags of varying degrees of complexity, quality, craftsmanship, and price—but with the same outer surface material—may all be classified under the same HTS subheading.

Advice

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Profile of U.S. Industry and Market, 2011–15

The number of U.S. handbag producers has declined over the past five years as a result of U.S. companies sourcing certain handbags from countries with lower production costs.²⁹ Although the use of automated processes³⁰ for the manufacturing of certain handbags has increased, the production of high-quality handbags is very labor intensive. Handbags are predominantly individually hand-stitched and assembled, and up to 200 pieces may need to be assembled in order to create a finished product.³¹ According to industry sources, many firms producing certain handbags have attempted to establish production facilities in the United States, but have failed because of high wage rates, a lack of skilled labor, and scarce raw materials.³² However, several U.S.-based and foreign handbag producers maintain a corporate presence in

²⁹ IBISWorld, *Global Handbag and Purse Manufacturing*, January 2016, 5.

³⁰ Automation processes for handbags may include cutting, pattern layouts, and design transformation done by computer-assisted machines. IBISWorld, *Global Handbag and Purse Manufacturing*, January 2016, 26.

³¹ IBISWorld, *Global Handbag and Purse Manufacturing*, January 2016, 26.

³² USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 86.

the United States, as well as design operations, sales support, distribution staff,³³ warranty services, and repair and replacement centers in the United States.³⁴

The Commission estimates that there are less than 50 producers actively engaged in the production of certain handbags in the United States. Buyers and brand-name retailers of handbags in large commercial quantities confirmed that there is little to no large-scale U.S. commercial production of certain handbags.³⁵ One group of U.S. producers of certain handbags is composed of independent craftspeople that design and make higher-end luxury items for a niche market of U.S. consumers who want a custom-made, high-quality, or artisan handbag.³⁶ Another group caters to U.S. consumers that want a “Made in the USA” handbag.

The U.S. market for certain handbags is large, estimated at \$3.3 billion in 2015 (table 3.3). The United States is the largest global importer of certain handbags. U.S. consumption of certain handbags increased 16 percent from 2012 to 2015, as a result of U.S. consumers having more disposable income after the global recession.³⁷ Despite the increase in U.S. consumption, U.S. domestic shipments of certain handbags have remained relatively steady since 2012 and accounted for 5 percent of the total U.S. market in 2015. Most of the U.S. certain handbag market is supplied by imports of non-leather, lower-priced handbags.³⁸ In the case of lower-priced handbags, factors other than prestige make more of a difference to the consumer.³⁹ While a small number of handbag consumers may still demand traditional, high-quality bags as a staple accessory, these types of handbags are increasingly susceptible to changing fashion trends.⁴⁰ Experts observe that the average consumer may demand multiple bags of different styles or colors to coordinate with different outfits or occasions, and may purchase new handbags more often now than in the past.⁴¹ In 2015, it is estimated that U.S. consumers bought on average two handbags for every female over the age of 14.⁴² Industry research indicates that shoulder bags and tote bags were the most popular-selling handbag products in

³³ Several companies use U.S.-based distribution centers to help fulfill orders for other markets in the Western Hemisphere, such as Canada or Latin American countries. USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 87.

³⁴ USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 87.

³⁵ *Ibid.*, 86.

³⁶ Korchmar website, <http://www.korchmar.com/index.php?level2=about> (accessed July 13, 2016); Allen Edmonds website (customer of Korchmar), <http://www.allenedmonds.com/accessories/bags-wallets-cases/bags-briefcases/> (accessed July 13, 2016).

³⁷ Handbags are discretionary products that are tied to U.S. consumers' disposable income levels. IBISWorld, *Global Handbag and Purse Manufacturing*, January 2016. 4.

³⁸ IBISWorld, *Global Handbag and Purse Manufacturing*, January 2016, 15.

³⁹ USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 87.

⁴⁰ *Ibid.*

⁴¹ *Ibid.*

⁴² TGA, “Travel Goods Association Releases State of the U.S.,” (accessed August 1, 2016).

the United States in 2015. The popularity of these specific bags is attributed to their properties of being lightweight, practical, and durable.⁴³

Handbags may be sold in a range of retail, mass merchandising, outlet, and department stores, via e-commerce sites, through wholesale outlets, and in niche specialty markets for artisan and fair trade merchandise.

Table 3.3: Certain handbags (HTS subheadings 4202.21.60, 4202.21.90, 4202.22.15, 4202.22.40, 4202.22.45, 4202.22.60, 4202.22.70, 4202.22.80, 4202.29.50, and 4202.29.90): U.S. producers, employment, shipments, trade, consumption, import-to-consumption ratio, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (1,000 employees) ^b	(^c)	1.7	1.6	1.5	(^c)
Shipments (1,000 \$) ^d	(^c)	314,328	298,551	313,110	315,000
Exports (1,000 \$) ^e	118,437	109,503	122,810	145,479	162,031
Imports (1,000 \$)	2,451,734	2,647,839	2,845,657	2,975,436	3,156,356
Consumption (1,000 \$)	(^c)	2,852,664	3,021,398	3,143,067	3,309,325
Import-to-consumption ratio (%)	(^c)	93	94	95	95
Capacity utilization (%)	(^c)	(^c)	(^c)	(^c)	(^c)

Source: U.S. imports compiled from official statistics from the U.S. Department of Commerce.

^a USITC estimates that there are less than 50 domestic producers of the subject product.

^b Employment data based on U.S. Census Bureau, *Annual Survey of Manufactures (ASM)*, “2014 Statistics for Industry Groups and Industries,” NAICS code 316992, women's handbags.

^c Not available.

^d Shipment data based on U.S. Census Bureau, ASM, “2014 Value of Product Shipments,” NAICS code 316992, women's handbags. Shipments for 2015 are a Commission estimate based on trend.

^e Export figures may include some re-exports of foreign-produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada and Latin American countries.⁴⁴

U.S. Imports from Nepal and Industry in Nepal

U.S. imports of certain handbags from Nepal totaled \$701,477 in 2015, accounting for only a negligible share of total U.S. imports of these products (table 3.4). Since 2011, U.S. imports of certain handbags from Nepal have dropped from a high of \$2.8 million in 2012 to less than \$1 million in 2014 and 2015. According to the Government of Nepal, exports of certain handbags to the United States dropped dramatically, even before the earthquakes in April

⁴³ EuroMonitor International, “Bags and Luggage in the U.S.,” October 2015 <http://www.euromonitor.com/bags-and-luggage-in-the-us/report>.

⁴⁴ USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 88.

2015, although overall U.S. handbag imports continued to increase. The decrease reportedly reflects “a loss of global competitiveness and need for these preferences and potential investment just to regain previous levels.”⁴⁵ Buyers of these goods from Nepal are primarily wholesalers specifically interested in handmade craft and/or luxury items; sales are generated online, by exhibiting at the major wholesale trade shows attended by retailers in the gift industry, or to boutique and resort retailers.⁴⁶

Table 3.4: Certain handbags (HTS subheadings 4202.21.60, 4202.21.90, 4202.22.15, 4202.22.40, 4202.22.45, 4202.22.60, 4202.22.70, 4202.22.80, 4202.29.50, and 4202.29.90): U.S. imports, U.S. imports from Nepal, Nepal share of total U.S. imports, and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Imports from Nepal	Percent share Nepal	Percent of U.S. consumption
Certain handbags	3,156,356	701	(^c)	(^c)
4202.21.60 ^a	93,524	3	(^c)	(^c)
4202.21.90 ^a	1,584,369	20	(^c)	(^c)
4202.22.15 ^a	1,000,312	0	(^c)	(^c)
4202.22.40	23,094	20	(^c)	(^c)
4202.22.45 ^a	181,511	391	(^c)	(^c)
4202.22.60	11,820	10	(^c)	(^c)
4202.22.70	1,450	3	(^c)	(^c)
4202.22.80 ^b	248,464	253	(^c)	(^c)
4202.29.50	1,520	0	(^c)	(^c)
4202.29.90	10,293	3	(^c)	(^c)

^a Effective July 1, 2016, designated as eligible for preferential duty treatment under GSP.

^b Effective July 1, 2016, this 2015 HTS subheading was deleted, and replaced by new 2016 HTS subheadings, which were subdivided and GSP eligibility granted to some, but not all, articles previously classified under the 2015 HTS subheading. See appendix E for a correlation between 2015 and updated 2016 HTS subheadings.

^c Less than 0.5 percent.

Production of handbags in Nepal is carried out by cottage industry workers or small and medium-sized enterprises. The Government of Nepal estimates there are currently 400 handbag producers employing a total of 5,000 workers, of which 3,000 are individual artisans.⁴⁷ As with other textile and apparel products, Nepali artisans specialize in handmade, handcrafted handbags and rely on traditional processes, such as felting, or locally sourced indigenous plants such as allo (Himalayan nettle),⁴⁸ hemp, and jute for materials (box 2.1).⁴⁹

⁴⁵ Embassy of Nepal, written submission to the U.S. International Trade Commission, May 25, 2016, 21.

⁴⁶ USITC, hearing transcript, June 9, 2016, 77 (testimony of Mac McCoy, dZi, Inc.) and 85 (testimony of Rishi Dhakal, Rising International, Inc.).

⁴⁷ Embassy of Nepal, written submission to the U.S. International Trade Commission, May 25, 2016, 40.

⁴⁸ *Girardinia diversifolia*, commonly known as the Nepali allo, Himalayan giant nettle, or Nilghiri nettle, is a tall perennial herbaceous plant. Fibers are extracted from the stems of the plant and used in textile applications. See box 2.1. ANSAB, “Allo Information Sheet,” n.d.; Embassy of Nepal, appendix to written submission to the USITC, June 20, 2016, 7.

⁴⁹ *Ibid.*, 43.

U.S. Imports

U.S. imports of certain handbags totaled \$3.2 billion in 2015, an increase of more than 6 percent from 2014 (table 3.5). China accounted for \$1.8 billion of these imports or 56 percent of the total U.S. imports. With two exceptions, China is the top supplier for each of the HTS subheadings covered by this chapter. Italy was the leading supplier of U.S. imports of silk handbags (HTS subheading 4202.22.70) and handbags covered mainly or wholly with paper (HTS subheading 4202.29.50) (tables 3.6–3.15). Collectively, three EU suppliers—Italy, France, and Spain—provided \$862 million or another 27 percent of total U.S. imports in 2015. According to industry representatives, whereas handbags from Italy and France tend to be high-end, high-value designer bags, the handbags imported from China are lower-priced goods intended for a different segment of the U.S. consumer market.⁵⁰

Table 3.5: Certain handbags: U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	1,739,126,995	1,789,521,919	1,773,553,167	1,686,913,528	1,766,295,651
Italy	334,824,994	362,747,894	461,584,848	560,077,643	544,129,964
France	151,909,423	186,593,638	250,072,403	267,855,418	267,865,831
Vietnam	54,193,865	98,851,568	133,333,291	191,283,926	256,261,201
Philippines	5,668,563	18,154,420	35,949,593	39,532,927	75,253,617
Spain	18,087,047	20,356,614	27,415,764	36,719,404	50,202,553
India	42,142,663	44,749,292	38,901,796	40,303,664	42,262,226
Indonesia	29,334,056	43,534,535	36,826,268	33,619,684	32,583,892
Hong Kong	16,369,103	12,088,526	10,588,739	19,553,341	16,803,578
Cambodia	45,573	534,447	2,180,471	10,360,747	14,871,993
All other	60,031,618	70,706,489	75,250,758	89,215,359	89,825,752
Total	2,451,733,900	2,647,839,342	2,845,657,098	2,975,435,641	3,156,356,258
Nepal	2,058,091	2,756,075	1,266,485	891,706	701,477

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

⁵⁰ USITC, *Generalized System of Preferences: Possible Modifications, 2015 Review*, May 2016, 94.

Table 3.6: Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, not elsewhere specified or included, not over \$20 each (HTS subheading 4202.21.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	85,575,246	84,551,145	79,544,058	64,191,967	71,858,550
Vietnam	2,186,705	7,062,676	6,440,143	9,403,950	7,104,612
India	5,061,642	5,654,940	5,847,884	5,215,501	6,493,232
Philippines	296,555	2,650,484	6,137,513	4,705,691	3,936,684
Mexico	846,706	911,221	720,921	697,339	844,272
Hong Kong	390,680	253,486	520,664	506,863	620,635
Italy	358,465	427,516	406,535	341,630	612,023
Indonesia	257,250	142,871	233,188	1,136,621	526,558
Burma (Myanmar)	0	0	0	0	269,073
Thailand	40,982	460,403	288,574	36,619	238,321
All other	1,646,488	1,435,230	1,327,637	1,149,833	1,020,256
Total	96,660,719	103,549,972	101,467,117	87,386,014	93,524,216
Nepal	9,858	5,157	8,641	7,268	3,096

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.7: Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, not elsewhere specified or included, over \$20 each (HTS subheading 4202.21.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	488,434,079	543,689,493	596,570,206	620,867,611	632,093,550
Italy	266,432,366	284,417,368	393,017,871	480,047,400	475,674,045
France	113,334,963	133,859,947	165,098,439	161,035,918	153,634,580
Vietnam	14,931,077	35,464,133	64,907,456	92,643,122	147,920,717
Philippines	139,264	1,680,946	3,301,291	13,830,395	44,517,533
Spain	8,725,735	10,093,959	17,703,587	21,770,900	28,001,406
Indonesia	20,440,132	28,046,543	20,426,705	20,576,153	20,725,389
India	17,863,047	14,558,554	12,777,232	16,637,086	18,653,900
Romania	3,434,178	4,186,302	7,695,985	11,840,962	11,000,996
United Kingdom	5,231,209	6,911,715	6,249,665	8,409,959	7,675,187
All other	34,553,022	36,632,681	34,975,630	39,388,089	44,471,529
Total	973,519,072	1,099,541,641	1,322,724,067	1,487,047,595	1,584,368,832
Nepal	35,049	1,204	321	13,815	19,650

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.8: Handbags, with or without shoulder straps or without handle, with outer surface of sheeting of plastics (HTS subheading 4202.22.15): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	547,740,637	629,225,180	685,458,204	674,944,973	735,901,026
France	29,259,201	42,174,010	73,151,123	91,230,529	98,750,775
Vietnam	5,354,315	8,738,404	17,335,614	59,582,722	72,663,141
Spain	7,735,174	7,899,105	8,313,339	13,632,110	21,613,905
Italy	17,059,848	18,422,860	17,819,023	21,924,641	17,995,562
Philippines	658,583	765,094	2,158,546	3,399,190	17,760,389
Indonesia	3,228,731	7,032,921	11,150,248	9,189,653	9,162,949
Cambodia	8,986	188,686	1,409,093	7,867,369	8,247,285
Hong Kong	5,048,060	2,761,018	2,785,194	7,727,435	6,639,780
Mexico	3,380,984	5,690,483	3,856,416	4,485,007	3,520,579
All other	2,286,026	4,198,701	10,128,480	15,534,035	8,056,593
Total	621,760,545	727,096,462	833,565,280	909,517,664	1,000,311,984
Nepal	0	0	0	3,762	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.9: Handbags with or without shoulder strap or without handle, with outer surface of textile materials, wholly or in part of braid, n.e.s.o.i. (HTS subheading 4202.22.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	17,646,281	17,170,468	13,947,655	13,681,331	15,532,907
France	214,130	125,201	1,677,341	1,747,232	2,846,710
India	703,886	769,568	700,556	1,022,521	1,475,233
South Korea	698,742	492,121	246,852	96,310	1,008,079
Italy	390,885	946,189	757,141	547,664	894,724
Mexico	270,848	210,604	579,147	965,126	398,388
Hong Kong	56,794	158,768	200,000	308,571	255,913
Indonesia	77,662	33,383	65,021	65,440	78,950
Guatemala	46,498	98,506	40,687	52,741	50,543
Colombia	8,341	18,336	10,462	14,898	41,073
All other	545,046	607,119	594,384	611,409	511,247
Total	20,659,113	20,630,263	18,819,246	19,113,243	23,093,767
Nepal	77,882	78,040	46,498	108,449	19,796

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.10: Handbags with or without shoulder strap or without handle, with outer surface of cotton, not of pile or tufted construction, and not wholly or in part of braid (HTS subheading 4202.22.45): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	351,110,402	289,156,459	205,851,916	134,572,803	128,839,347
Vietnam	27,205,924	38,538,707	38,839,263	22,764,950	17,241,318
India	12,586,082	17,245,385	12,746,988	9,707,269	8,169,790
Italy	9,467,531	12,889,769	8,258,268	8,943,324	7,734,818
France	3,707,567	5,171,289	6,476,260	7,741,932	6,473,973
Philippines	3,765,180	12,370,034	23,000,988	15,665,215	4,739,195
Hong Kong	527,062	918,179	390,485	1,821,723	2,493,943
Bangladesh	25,926	0	344,397	618,654	1,214,223
Cambodia	2,750	263,332	106,393	564,412	1,059,395
Burma (Myanmar)	0	0	0	223,809	689,949
All other	8,637,423	10,767,805	8,600,245	5,236,000	2,855,355
Total	417,035,847	387,320,959	304,615,203	207,860,091	181,511,306
Nepal	1,472,274	2,149,412	827,200	458,912	391,112

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.11: Handbags with or without shoulder strap or without handle, outer surface of vegetable fibers, excluding cotton, not of pile or tufted construction, and not wholly or in part of braid (HTS subheading 4202.22.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	8,325,188	9,272,801	9,391,133	9,530,204	7,972,330
India	1,009,221	1,715,947	2,432,704	2,549,101	2,781,786
Italy	1,051,671	466,406	1,052,967	887,800	436,865
France	44,376	38,285	131,398	39,577	110,235
Spain	13,527	15,259	7,623	10,986	88,804
Turkey	42,438	42,239	1,689	265	61,578
Hong Kong	341,931	250,021	37,857	55,601	58,293
Thailand	50,604	13,342	3,639	8,709	42,626
Romania	7,214	4,892	17,678	3,248	36,187
Vietnam	162,790	426,617	83,526	13,767	33,203
All other	439,296	1,349,126	489,534	272,295	198,082
Total	11,488,256	13,594,935	13,649,748	13,371,553	11,819,989
Nepal	47,984	46,392	8,538	3,440	9,866

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.12: Handbags with or without shoulder strap or without handle, with outer surface containing 85 percent or more of silk, not wholly or in part of braid (HTS subheading 4202.22.70): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Italy	711,456	620,660	736,495	1,324,521	618,299
France	143,254	80,433	163,288	407,154	333,052
China	962,249	654,476	299,969	281,889	332,215
India	458,731	453,760	207,112	182,278	99,936
Vietnam	98,919	71,030	86,514	78,119	23,389
Turkey	0	475	0	0	12,216
Hong Kong	23,596	25,042	30,281	4,726	8,859
Thailand	17,400	13,520	6,776	5,656	5,978
Germany	3,577	559	4,102	29,120	2,889
Nepal	10,638	9,871	8,606	4,135	2,625
All other	116,891	181,172	97,619	37,460	10,539
Total	2,546,711	2,110,998	1,640,762	2,355,058	1,449,997
Nepal	10,638	9,871	8,606	4,135	2,625

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.13 Handbags with or without shoulder strap or without handle, with outer surface of textile materials, not wholly or in part of braid, n.e.s.o.i. (HTS subheading 4202.22.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	231,077,057	207,359,839	176,508,477	162,607,935	167,599,164
Italy	38,266,243	43,256,066	38,044,515	41,906,796	36,586,338
Vietnam	3,964,005	7,839,867	5,480,703	6,699,924	11,126,223
France	5,098,896	4,940,399	3,192,911	4,577,597	4,941,641
Cambodia	11,981	46,575	653,904	1,254,176	4,466,309
India	4,279,552	3,346,617	2,802,564	3,600,102	4,146,947
Philippines	773,695	590,734	1,171,273	1,834,702	4,139,096
Mexico	394,874	456,490	508,133	2,953,825	3,074,030
Bangladesh	12,126	21,992	21,581	126,552	1,925,460
Hong Kong	4,026,862	2,914,624	2,579,816	4,963,836	1,816,936
All other	8,266,755	10,389,868	8,604,425	5,526,632	8,641,816
Total	296,172,046	281,163,071	239,568,302	236,052,077	248,463,960
Nepal	383,347	457,915	362,201	280,247	252,504

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.14: Handbags with or without shoulder strap or without handle of materials (other than leather, sheeting of plastic, textile materials, vulcanized fiber, or paperboard), paper covered, of materials n.e.s.o.i. (HTS subheading 4202.29.50): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Italy	106,963	120,050	154,121	161,536	564,108
China	760,008	1,049,822	441,450	353,216	536,963
France	15,006	15,718	16,340	21,313	83,294
Mexico	984,058	1,106,997	489,802	68,665	69,949
Philippines	2,085	14,762	58,627	6,591	64,308
Vietnam	56,776	17,855	58,373	7,549	50,869
India	13,985	29,675	331,929	57,799	25,832
United Kingdom	3,769	936	6,665	7,862	24,210
Indonesia	1,417	2,329	4,194	7,692	13,956
Israel	0	0	0	0	13,058
All other	133,420	83,765	154,449	165,598	73,121
Total	2,077,487	2,441,909	1,715,950	857,821	1,519,668
Nepal	458	2,968	0	2,307	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 3.15: Handbags with or without shoulder strap or without handle, with outer surface of vulcanized fiber, or of paperboard, not covered with paper (HTS subheading 4202.29.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	7,495,848	7,392,236	5,540,099	5,881,599	5,629,599
Italy	979,566	1,181,010	1,337,912	3,992,331	3,013,182
France	70,410	177,275	140,664	1,025,173	670,567
India	96,136	131,246	141,485	266,799	213,944
Hong Kong	42,175	174,453	59,337	70,549	96,921
Vietnam	207,245	632,515	27,711	13,678	70,498
Philippines	21,570	58,748	55,045	50,280	66,061
Mexico	351,183	227,156	136,171	69,896	60,557
Germany	143,601	29,817	46,757	61,316	52,118
United Kingdom	34,977	45,962	38,145	49,322	50,646
All other	371,393	338,714	368,097	393,582	368,446
Total	9,814,104	10,389,132	7,891,423	11,874,525	10,292,539
Nepal	20,601	5,116	4,480	9,371	2,828

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Chapter 4

Certain Pocket Goods

Table 4.1: Certain pocket goods

HTS subheading	Description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem equivalent)
4202.31.60 ^a	Certain pocket goods with outer surface of leather	8.0
4202.32.40 ^a	Pocket goods with outer surface of cotton, not of pile or tufted construction	6.3
4202.32.80 ^a	Pocket goods with outer surface of non-cotton vegetable fiber, not of pile or tufted construction	5.7
4202.32.95 ^b	Pocket goods with outer surface of textile materials (cotton, manmade fiber, other)	17.6

^a Effective July 1, 2016, designated as eligible for preferential duty treatment under the Generalized System of Preferences (GSP).

^b Effective July 1, 2016, this 2015 HTS subheading was deleted, and replaced by new 2016 HTS subheadings, which were subdivided and GSP eligibility granted to some, but not all, articles previously classified under the 2015 HTS subheading. See appendix E for a correlation between 2015 and updated 2016 HTS subheadings.

Description and uses. Pocket goods are articles of a kind normally carried in the pocket or in the handbag. These pocket goods may include wallets, coin purses, map cases, cigarette cases, tobacco pouches, spectacle cases, lipstick cases, and pencil cases. The specific articles covered in this chapter (“certain pocket goods”) are those with an outer surface of leather or of composition leather⁵¹ (but not of reptile leather) or of textile materials, including cotton, non-cotton vegetable fibers, manmade fibers, and other textile fibers. Other than specifying the material used for the outer surface, the HTS subheadings make no distinction for style, type, end use, or quality of materials. Different pocket goods of varying degrees of complexity, quality, craftsmanship, and price, but of the same materials, may all be classified under the same HTS subheading.

⁵¹ See footnote 8, pg. 6.

Advice

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Profile of U.S. Industry and Market, 2011–2015⁵²

The estimated U.S. market for certain pocket goods was \$816 million in 2015 (table 4.3). The United States is considered a major global importer of these goods. U.S. consumption of certain pocket goods increased 8 percent during 2012–15, which was a major reason imports grew considerably during this period. U.S. domestic shipments of these goods fell 17 percent from 2013 to 2014, but returned to 2012 levels in 2015. U.S. demand increased as a result of rising disposable income levels, which led U.S. consumers to boost their purchases of premium and luxury pocket goods items sold at higher price points.⁵³ Men's pocket goods, including leather wallets and money clips, is one of the fastest-growing segments of this product grouping due to growth in discretionary spending, changing fashion trends, and more selection available at retailers.⁵⁴ However, despite the increased spending on premium pocket goods products, lower-priced pocket goods still dominate the U.S. market.⁵⁵

The Commission estimates that less than 50 producers are actively engaged in the production of certain pocket goods in the United States, including a number of individual craftspeople, artisans, or leather smiths who make wallets and similar articles by hand. U.S. producers of certain pocket goods tailor their goods to a higher-end, niche segment of the U.S. market. U.S.-

⁵² See chapter 2, “U.S. Travel Goods Industry and Market,” for a discussion of the broader travel goods industry and market, of which pocket goods are a subset.

⁵³ IBISWorld, *Handbag, Luggage and Accessory Stores in the U.S.*, July 2016, 9.

⁵⁴ *Ibid.*, 14.

⁵⁵ *Ibid.*, 7.

made certain pocket goods typically sell at higher price points than imported goods. For example, Allen Edmonds, a U.S. manufacturer and retailer, sells U.S.-made leather wallets for \$79 to \$125 on its website.⁵⁶

Table 4.3: Certain pocket goods (HTS subheadings 4202.31.60, 4202.32.40, 4202.32.80, and 4202.32.95): U.S. producers, employment, shipments, trade, consumption, import-to-consumption ratio, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (1,000 employees) ^b	(^c)	1.5	1.5	1.4	(^c)
Shipments (1,000 \$) ^d	(^c)	146,245	175,188	148,559	150,000
Exports (1,000 \$) ^e	18,524	22,118	27,863	32,945	32,840
Imports (1,000 \$)	581,042	628,619	670,340	643,355	698,505
Consumption (1,000 \$)	(^c)	752,746	817,665	758,969	815,665
Import-to-consumption ratio (%)	(^c)	84	82	85	86
Capacity utilization (%)	(^c)	(^c)	(^c)	(^c)	(^c)

Source: U.S. imports compiled from official statistics from the U.S. Department of Commerce.

^a USITC estimates there are less than 50 domestic producers of the subject product.

^b Employment data based on U.S. Census Bureau, ASM, “2014 Statistics for Industry Groups and Industries,” NAICS code 3169982, wallets.

^c Not available.

^d Shipment data based on U.S. Census Bureau, ASM, “2014 Value of Product Shipments,” NAICS code 3169982, wallets. Shipments for 2015 is a USITC estimate based on trend.

^e Export figures may include some re-exports of foreign-produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada and Latin American countries.

U.S. Imports from Nepal and Industry in Nepal

In 2015, U.S. imports of certain pocket goods from Nepal totaled \$266,031, or a negligible share of total imports of these products (table 4.4). Nearly all of these imports were pocket goods with an outer surface of textile materials, classified in HTS subheadings 4202.32.40 (of cotton), 4202.32.80 (of non-cotton vegetable fibers), and 4202.32.95 (of other textile materials). A U.S. industry representative testified in the Commission hearing that the hand-felted woolen coin purse from Nepal is among the most popular items they offer for sale in the U.S. market.⁵⁷

⁵⁶ Allen Edmonds website, <http://www.allenedmonds.com/accessories/> (accessed July 13, 2016).

⁵⁷ The coin purse was cited as an example of prospective duty savings of 17.6 percent under proposed trade preferences for Nepal. This type of coin purse is classified under HTS subheading 4202.32.95. USITC, hearing transcript, June 9, 2016, 81–82 (testimony of Mac McCoy, dZi, Inc.).

Table 4.4: Certain pocket goods (HTS subheadings 4202.31.60, 4202.32.40, 4202.32.80, and 4202.32.95): U.S. imports, U.S. imports from Nepal, Nepal share of total U.S. imports, and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. Imports	imports from Nepal	Percent share Nepal	Percent of U.S. consumption
Certain pocket goods	698,505	266	(c)	(c)
4202.31.60 ^a	549,512	1	(c)	(c)
4202.32.40 ^a	58,551	105	(c)	(c)
4202.32.80 ^a	6,278	27	(c)	(c)
4202.32.95 ^b	84,164	133	(c)	(c)

^a Effective July 1, 2016, designated as eligible for preferential duty treatment under GSP.

^b Effective July 1, 2016, this 2015 HTS subheading was deleted, and replaced by new 2016 HTS subheadings, which were subdivided and GSP eligibility granted to some, but not all, articles previously classified under the 2015 HTS subheading. See appendix E for a correlation between 2015 and updated 2016 HTS subheadings.

^c Less than 0.5 percent.

Pocket goods in Nepal are produced by cottage industry workers or small and medium-sized enterprises. The Government of Nepal estimates there are currently 500 pocket goods producers employing a total of 6,000 workers, of which 4,500 are individual artisans.⁵⁸ As with other products, Nepali artisans specialize in handmade, handcrafted pocket goods and rely on traditional processes, such as felting, or locally sourced indigenous plants such as allo (Himalayan nettle),⁵⁹ hemp, and jute for materials (box 2.1).⁶⁰ Buyers of these pocket goods are primarily wholesalers specifically interested in handmade craft items. Their sales are generated online, by exhibiting at the major wholesale trade shows attended by retailers in the gift industry, or to boutique and resort retailers.⁶¹

The Government of Nepal states that the production of pocket goods, once considered a strong subsector, was hard hit by the earthquakes in April 2015.⁶² Additionally, China and India are increasingly competitive in these types of pocket good products, including in the traditionally hand-felted pocket goods considered to be a particular strength of Nepali artisans.⁶³ The Government of Nepal has designated the pocket goods subsector as a target for investment in order to increase production capacity,⁶⁴ stating that to produce “more mainstream pocket

⁵⁸ Embassy of Nepal, written submission to the U.S. International Trade Commission, May 25, 2016, 40.

⁵⁹ See footnote 48, pg. 19.

⁶⁰ Embassy of Nepal, written submission to the U.S. International Trade Commission, May 25, 2016, 43.

⁶¹ USITC, hearing transcript, June 9, 2016, 77 (testimony of Mac McCoy, dZi, Inc.) and 85 (testimony of Rishi Dhakal, Rising International, Inc.).

⁶² Embassy of Nepal, written submission to the U.S. International Trade Commission, May 25, 2016, 23.

⁶³ Ibid., 45.

⁶⁴ Ibid., 40.

goods and bag construction,” Nepali companies “need specialized machines” for stitching and sewing, which are currently less available in Nepal.⁶⁵

U.S. Imports

U.S. imports of certain pocket goods totaled \$699 million in 2015, an increase of 9 percent over 2014 (table 4.5). China was the top supplier for each of the HTS subheadings included in this product group in 2015 (tables 4.6–4.9). China's share of U.S. imports ranged from 39 percent (for certain leather pocket goods classified under HTS subheading 4202.31.60) to 90 percent (for certain non-cotton vegetable fiber pocket goods classified in HTS subheading 4202.32.80). Despite its large import share, the value of goods imported from China declined from 2014 to 2015 for all of the HTS subheadings included in this product grouping—except for leather pocket goods (HTS 4202.31.60), which showed an increase of 5 percent.

Nepal's neighbor, India, was the second-largest supplier of certain pocket goods to the U.S. market, and a particularly significant source for certain leather pocket goods in HTS subheading 4202.31.60. U.S. imports from India accounted for nearly 20 percent of all U.S. imports of that subheading in 2015.

Table 4.5: Certain pocket goods: U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	374,050,198	375,908,653	378,002,236	318,193,852	322,334,960
India	79,794,296	81,525,733	96,410,175	97,660,337	110,900,971
Italy	58,566,799	69,889,031	77,178,291	80,898,556	85,976,706
Vietnam	15,284,669	16,669,689	28,699,899	42,724,072	52,525,335
France	24,875,773	37,229,740	32,648,340	34,151,140	42,266,343
Philippines	1,483,157	3,952,485	6,848,589	13,546,436	22,600,521
Thailand	1,312,307	4,906,637	13,405,517	17,573,137	20,726,072
Spain	9,027,949	16,985,153	16,137,850	14,988,193	14,920,231
Hong Kong	2,415,846	3,334,826	2,865,396	2,959,855	3,367,335
Indonesia	741,299	1,068,138	2,023,496	1,525,600	2,720,550
All other	13,490,089	17,148,421	16,119,755	19,133,540	20,165,991
Total	581,042,382	628,618,506	670,339,544	643,354,718	698,505,015
Nepal	391,698	411,421	342,293	316,915	266,031

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

⁶⁵ Ibid., 45.

Table 4.6: Articles of a kind normally carried in the pocket or handbag, with outer surface of leather, composition or patent leather, n.e.s.o.i. (HTS subheading 4202.31.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	203,065,673	213,328,016	231,438,631	204,804,636	215,800,259
India	73,966,605	74,367,605	91,468,305	93,674,457	103,974,054
Italy	51,380,773	61,595,113	70,651,425	76,559,715	80,281,858
Vietnam	8,229,013	10,372,286	19,386,535	32,783,551	40,747,918
France	23,645,852	35,859,970	31,550,358	32,462,131	39,373,878
Thailand	1,160,210	2,528,689	6,981,316	14,263,275	18,968,724
Philippines	146,472	275,418	2,114,128	6,923,740	17,858,706
Spain	8,546,648	16,523,438	15,992,184	14,955,868	14,881,734
Indonesia	291,920	516,308	1,575,849	1,189,889	2,365,734
Mexico	1,439,975	2,671,923	3,198,960	2,747,618	1,862,715
All other	10,652,895	13,372,039	11,057,795	13,657,977	13,396,029
Total	382,526,036	431,410,805	485,415,486	494,022,857	549,511,609
Nepal	8,180	1,346	702	5,868	1,016

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 4.7: Articles of a kind normally carried in the pocket or handbag, with outer surface of cotton, not of pile or tufted construction (HTS subheading 4202.32.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	86,377,389	87,908,489	67,076,246	40,848,438	36,367,890
Vietnam	5,825,565	4,838,220	7,954,552	8,729,667	8,075,581
Philippines	1,145,432	3,216,432	4,224,637	6,219,032	4,200,112
India	5,226,473	6,015,461	3,021,820	1,754,354	3,240,898
France	1,002,213	1,112,831	997,664	1,385,461	2,641,580
Italy	470,865	1,200,296	915,767	1,144,392	1,533,835
Thailand	78,844	2,113,784	6,166,029	3,120,150	1,490,995
Hong Kong	46,461	236,532	444,977	451,116	415,105
Guatemala	252,987	183,861	150,902	119,185	123,539
Romania	0	2,396	16,489	33,469	119,441
All other	811,071	1,229,521	751,129	784,294	342,483
Total	101,237,300	108,057,823	91,720,212	64,589,558	58,551,459
Nepal	93,176	116,290	116,240	130,973	105,134

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 4.8: Articles of a kind normally carried in the pocket or handbag, with outer surface of vegetable fibers, not of pile or tufted construction, n.e.s.o.i. (HTS subheading 4202.32.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	2,989,236	2,690,659	6,066,948	6,240,182	5,621,424
India	14,892	43,915	68,560	166,668	339,768
United Kingdom	1,411	21,679	204,542	54,335	49,475
Hong Kong	48,886	62,077	73,730	47,643	40,459
Italy	15,548	14,120	26,139	16,343	39,551
France	964	91,425	46,458	68,294	27,784
Nepal	28,991	25,197	24,078	14,340	26,548
Taiwan	6,425	8,355	7,731	5,642	25,915
Turkey	0	0	6,098	743	25,135
Vietnam	1,172	39,681	15,237	5,278	13,458
All other	301,584	309,404	302,786	232,277	68,318
Total	3,409,109	3,306,512	6,842,307	6,851,745	6,277,835
Nepal	28,991	25,197	24,078	14,340	26,548

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 4.9: Articles of a kind normally carried in the pocket or handbag, with outer surface of textile materials, n.e.s.o.i. (HTS subheading 4202.32.95): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	81,617,900	71,981,489	73,420,411	66,300,596	64,545,387
Italy	6,699,613	7,079,502	5,584,960	3,178,106	4,121,462
Vietnam	1,228,919	1,419,502	1,343,575	1,205,576	3,688,378
India	586,326	1,098,752	1,851,490	2,064,858	3,346,251
Taiwan	687,004	658,333	591,983	812,686	2,398,350
Cambodia	8,683	120,725	281,000	676,448	1,351,850
Hong Kong	577,887	767,062	685,637	781,848	1,063,752
Mexico	98,887	170,811	215,607	380,003	589,019
South Korea	143,760	299,145	153,638	197,217	554,598
Philippines	191,253	456,488	506,888	402,853	541,703
All other	2,029,705	1,791,557	1,726,350	1,890,367	1,963,362
Total	93,869,937	85,843,366	86,361,539	77,890,558	84,164,112
Nepal	261,351	268,588	201,273	165,734	133,333

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Chapter 5

Certain Travel Bags and Other Containers

Table 5.1: Certain travel bags and other containers

HTS subheading	Description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem equivalent)
4202.91.00 ^a	Travel, sports and similar bags, backpacks, and other containers with outer surface of leather	4.5
4202.92.08	Certain insulated food and beverage bags with outer surface of textile materials (cotton, manmade fiber, non-cotton vegetable fiber)	7.0
4202.92.15 ^b	Travel, sports and similar bags with outer surface of cotton, not of pile or tufted construction	6.3
4202.92.20 ^b	Travel, sports and similar bags with outer surface of non-cotton vegetable fiber, not of pile or tufted construction	5.7
4202.92.30 ^a	Travel, sports and similar bags with outer surface of textile materials (paper yarn, silk, cotton, manmade fibers, non-cotton vegetable fibers)	17.6
4202.92.45 ^b	Travel, sports and similar bags with outer surface of sheeting of plastic	20.0
4202.92.60	Other containers, other than musical instrument cases, with outer surface of textile materials, of cotton	6.3
4202.92.90 ^a	Other containers, other than musical instrument cases, with outer surface of sheeting of plastic or textile materials, excluding of cotton	17.6
4202.99.90 ^b	Certain other containers and cases	20.0

^a Effective July 1, 2016, this 2015 HTS subheading was deleted, and replaced by new 2016 HTS subheadings, which were subdivided and GSP eligibility granted to some, but not all, articles previously classified under the 2015 HTS subheading. See appendix E for a correlation between 2015 and updated 2016 HTS subheadings.

^b Effective July 1, 2016, designated as eligible for preferential duty treatment under the GSP.

Description and uses. The products covered in this chapter (“certain travel bags and other containers”) include travel, sports, and similar bags; backpacks; and other containers or organizers used to transport personal effects (other than those classified as luggage articles, handbags, or pocket goods). The product group includes bags such as travel bags, tote bags, knapsacks, and backpacks, duffle bags, garment bags, and similar bags intended to provide storage, organization, protection, and portability for garments and other personal effects during travel. The outer surface of these articles may be of leather or composition leather,⁶⁶ textile materials (cotton, non-cotton vegetable fiber, manmade fiber, or other), or plastic

⁶⁶ See footnote 8, pg. 6.

sheeting. Other than specifying the material used for the outer surface, the HTS subheadings make no distinction for style, type, or quality of materials. Travel, sports and similar bags, or backpacks—of varying degrees of complexity, quality, craftsmanship, and price, but of the same materials—may all be classified under the same HTS subheading.

The product group also includes pouches, passport or travel document organizers, fanny packs, toiletry bags, unbelted tool cases, knife sheaths, gun cases, watch cases, cellphone cases, laptop sleeves, tablet or e-reader cases, camera cases, pet carriers, automotive organizers, and CD/DVD or cassette carrier cases. These other containers and organizers are intended to provide storage, organization, protection, and portability for their contents. The outer surface may be of leather or composition leather;⁶⁷ sheeting of plastics; textile materials; vulcanized fiber; or paperboard, or may be wholly or mainly covered with such materials or with paper.

Advice

* * * * *

Profile of U.S. Industry and Market, 2011–2015⁶⁸

The U.S. market for certain travel bags and other containers is large—estimated at nearly \$6 billion in 2015 (table 5.3). U.S. consumption of certain travel bags and other containers increased 13 percent from 2012 to 2015. U.S. domestic shipments rose 40 percent during the same period. Imports supplied 93 percent of the U.S. market in 2015 and increased 10 percent

⁶⁷ Ibid.

⁶⁸ See chapter 2, “U.S. Travel Goods Industry and Market,” for a discussion of the broader travel goods industry and market, of which these travel bags and other containers are a subset.

during 2012–15. Among products covered in this chapter, the U.S. backpack market has showed the most gains among this product grouping, as U.S. consumers have shown a preference for backpacks to carry personal items for both work and travel.⁶⁹ Specifically, U.S. consumers are substituting backpacks for handbags in order to carry their personal effects. Backpacks are replacing business cases and computer bags for work purposes as well.⁷⁰ The U.S. travel bag and sports bag market has also been growing as a result of the improved economy. Many U.S. companies are purchasing travel bags and sports bags as customer gifts or for promotional purposes.⁷¹

Industry sources estimated that 15–20 U.S. companies produce certain travel bags and other containers. U.S. producers cater to three different types of U.S. consumers: (1) those desiring a Berry Act-compliant bag;⁷² (2) those desiring a niche travel bag, sports bag, backpack, or other container (e.g., high-end, custom-made, handcrafted all-leather bags⁷³ and gun holsters⁷⁴); or (3) those desiring a “Made in the USA” product.⁷⁵

A “Made in USA” product in this product grouping could be targeted at different price points. For example, a U.S.-made travel bag could be a recycled, low-cost tote bag retailing on average at \$3 to \$10, like those manufactured by Enviro-Tote,⁷⁶ or a more expensive “affordable luxury” tote bag, like L.L. Bean's cotton canvas tote bags retailing on average at \$25 to \$75.⁷⁷ Other examples of U.S.-made items in this product grouping include higher-priced leather briefcases sold at retailers, such as Allen Edmonds, at prices ranging from \$495 to \$695.⁷⁸

⁶⁹ TGA, “Travel Goods Association Release State of the U.S.” (accessed August 1, 2016).

⁷⁰ Industry research indicates that U.S. consumers who purchased business cases and computer bags over backpacks or other travel bags chose functionality and value over price, resulting in an increase in the average price per business case and handbag in 2014. TGA, “Travel Goods Association Release State of the U.S.” (accessed August 1, 2016).

⁷¹ TGA, “Travel Goods Association Release State of the U.S.” (accessed August 1, 2016).

⁷² See footnote 15, pg. 7.

⁷³ For some examples, see Belding USA website, <http://www.beldingusa.com/> (accessed July 13, 2016).

⁷⁴ For a listing of U.S. manufacturers, see Manta website, “Holster Manufacturers in the United States,” http://www.manta.com/mb_35_B00C705N_000/holsters (accessed July 13, 2016).

⁷⁵ USITC, *Generalized System of Preferences: Possible Modifications*, May 2016, 126.

⁷⁶ Enviro-Tote produces its tote bags in its production facility in Bedford, New Hampshire. Enviro-Tote website, <http://www.enviro-tote.com/> (accessed July 12, 2016).

⁷⁷ L.L. Bean's cotton canvas tote bags are produced in Brunswick, Maine. These tote bags are sold to both U.S. and global markets for consumers desiring a “Made in the USA” travel bag. The company produced 450,000 of these tote bags in 2014 and an estimated 600,000 bags in 2015. Sargent, “Consumers in Japan Can't Get Enough,” December 4, 2015 (accessed July 12, 2016). See also L.L. Bean website, <http://www.llbean.com/llb/shop/981?page=made-in-the-usa> (accessed July 12, 2016).

⁷⁸ Allen Edmonds website, <http://www.allenedmonds.com/accessories/bags-briefcases/> (accessed July 13, 2016).

Table 5.3: Certain travel bags and other containers (HTS subheadings 4202.91.00, 4202.92.08, 4202.92.15, 4202.92.20, 4202.92.30, 4202.92.45, 4202.92.60, 4202.92.90, 4202.99.90): U.S. producers, employment, shipments, trade, consumption, import-to-consumption ratio, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (1,000 employees) ^b	(^a)	21	19.5	19.5	(^a)
Shipments (1,000 \$) ^c	(^a)	464,537	500,572	600,192	650,000
Exports (1,000 \$) ^d	224,614	243,744	268,552	233,079	237,431
Imports (1,000 \$)	4,343,378	5,017,254	5,244,523	5,520,272	5,535,494
Consumption (1,000 \$)	(^e)	5,238,047	5,476,543	5,887,385	5,948,063
Import-to-consumption ratio (%)	(^e)	96	96	94	93
Capacity utilization (%)	(^e)	(^e)	(^e)	(^e)	(^e)

Source: U.S. imports compiled from official statistics from the U.S. Department of Commerce.

^a USITC estimates that there are 15–20 domestic producers of the subject product.

^b Employment data based on U.S. Census Bureau, Annual Survey of Manufactures (ASM), “2014 Statistics for Industry Groups and Industries,” NAICS code 314910, textile bags (accessed July 12, 2016).

^c Shipment data based on U.S. Census, ASM, “2014 Value of Product Shipments,” NAICS code 3149101, textile bags.

Shipments for 2015 are a USITC estimate based on trend.

^d Exports are in a residual or basket category and may contain non-subject products in addition to the goods classified under the subject HTS subheadings. Export figures may include some re-exports of foreign-produced goods from U.S.-based distribution centers, used by a handful of companies for staging deliveries to Canada and Latin American countries.

^e Not available.

U.S. Imports from Nepal and Industry in Nepal

U.S. imports of certain travel bags and other containers from Nepal totaled \$1.2 million in 2015, and accounted for a negligible share of total U.S. imports of these products (table 5.4). The Government of Nepal states that this subsector would require additional investment to become more competitive.⁷⁹

Production of certain travel bags and other containers in Nepal is carried out by cottage industry workers and by small to medium-sized enterprises. The Government of Nepal estimates there are currently 200 producers of these products employing a total of 4,000 workers, of which 2,500 are individual artisans.⁸⁰ As with other travel goods products, Nepali artisans specialize in handcrafted items and rely on traditional processes, such as felting, or

⁷⁹ Embassy of Nepal, written submission to the USITC, May 25, 2016, 25.

⁸⁰ *Ibid.*, 40.

locally sourced indigenous plants such as allo (Himalayan nettle),⁸¹ hemp, and jute for materials (box 2.1).⁸²

Table 5.4: Certain travel bags and other containers (HTS subheadings 4202.91.00, 4202.92.08, 4202.92.15, 4202.92.20, 4202.92.30, 4202.92.45, 4202.92.60, 4202.92.90, 4202.99.90): U.S. imports, U.S. imports from Nepal, Nepal share of total U.S. imports, and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. Imports	Imports from Nepal	Percent Share Nepal	Percent of U.S. consumption
Certain travel bags and other containers	5,535,494	1,208	(c)	(c)
4202.91.00 ^a	1,123,904	4	(c)	(c)
4202.92.08	310,134	0	(c)	(c)
4202.92.15 ^b	387,263	923	(c)	(c)
4202.92.20 ^b	36,308	32	(c)	(c)
4202.92.30 ^a	2,001,376	216	(c)	(c)
4202.92.45 ^b	561,439	5	(c)	(c)
4202.92.60	26,184	19	(c)	(c)
4202.92.90 ^a	619,275	4	(c)	(c)
4202.99.90 ^b	469,611	6	(c)	(c)

^a Effective July 1, 2016, this 2015 HTS subheading was deleted, and replaced by new 2016 HTS subheadings, which were subdivided and GSP eligibility granted to some, but not all, articles previously classified under the 2015 HTS subheading. See appendix E for a correlation between 2015 and updated 2016 HTS subheadings.

^b Effective July 1, 2016, designated as eligible for preferential duty treatment under GSP.

^c Less than 0.5 percent.

U.S. Imports

China was the primary supplier of U.S. imports of certain travel bags and other containers, and accounted for 70 percent of total U.S. imports of such goods in 2015 (table 5.5). China was the leading supplier of goods under each of the HTS subheadings covered by this chapter in 2015 (tables 5.6–5.14).

Vietnam is emerging as an important U.S. import source for certain travel bags and other containers, and was the second-largest U.S. supplier during 2011–15. Vietnam's share of these products rose from slightly more than 5 percent of total U.S. imports in 2011 to 11 percent in 2015. In 2015, Vietnam was the second-largest supplier to the United States of leather cases or other containers (HTS subheading 4202.91.00); plastic travel, sport, and similar bags (HTS subheading 4202.92.45); and plastic bags, cases, and similar cases (HTS subheading 4202.92.90).

⁸¹ See footnote 48, pg. 19.

⁸² *Ibid.*, 43.

Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive

Two European suppliers, France and Italy, together provided 6 percent of total U.S. imports of certain travel bags and other containers in 2015. Most of their shipments were of high-end certain leather travel bags or other containers (HTS subheading 4202.91.00).

Table 5.5: Certain travel bags and other containers (HTS subheadings 4202.91.00, 4202.92.08, 4202.92.15, 4202.92.20, 4202.92.30, 4202.92.45, 4202.92.60, 4202.92.90, 4202.99.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	3,415,347,091	3,799,747,120	3,902,146,142	3,979,561,119	3,868,427,009
Vietnam	228,480,133	315,771,622	479,994,296	587,793,450	599,232,427
France	128,716,891	168,805,270	123,382,972	161,651,828	173,067,942
Italy	195,210,450	234,346,774	182,555,951	161,321,109	148,353,440
Philippines	37,190,749	46,850,109	53,166,635	82,455,865	125,725,639
Mexico	31,977,578	73,531,835	79,936,020	106,049,834	102,938,187
South Korea	13,914,298	28,927,358	81,892,462	71,527,952	79,996,058
Indonesia	51,605,483	50,430,477	60,508,813	64,781,066	75,432,189
India	50,859,282	52,412,333	55,246,987	60,375,444	66,366,249
Taiwan	36,764,160	74,598,841	50,750,799	56,783,212	48,199,100
All other	153,312,233	171,832,448	174,941,915	187,970,665	247,755,934
Total	4,343,378,348	5,017,254,187	5,244,522,992	5,520,271,544	5,535,494,174
Nepal	1,110,549	1,524,522	1,150,011	1,005,280	1,208,344

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.6: Cases, bags and containers not elsewhere specified or included, with outer surface of leather, of composition leather or patent leather (HTS subheading 4202.91.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	427,740,864	500,335,742	550,731,437	570,959,650	529,696,908
Vietnam	30,177,538	72,389,774	149,772,184	180,597,901	161,524,128
Italy	145,578,558	180,326,650	151,541,826	138,925,117	122,054,910
France	57,087,747	81,423,509	63,463,165	107,547,016	122,003,792
Philippines	153,146	3,273,989	7,322,682	24,182,593	55,259,751
Indonesia	24,609,799	15,816,864	27,939,859	23,680,835	28,255,561
India	19,361,944	19,786,339	24,226,625	23,414,805	22,542,071
Mexico	6,712,133	9,198,393	9,430,836	10,969,164	17,983,553
Switzerland	13,657,085	8,183,991	12,532,446	17,195,104	13,587,712
Bangladesh	85,537	80,922	56,409	1,537,669	12,754,726
All other	33,074,606	46,469,932	48,553,687	37,022,757	38,241,095
Total	758,238,957	937,286,105	1,045,571,156	1,136,032,611	1,123,904,207
Nepal	1,261	0	274	2,438	4,198

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.7: Insulated food or beverage bags with outer surface of textile materials, n.e.s.o.i. (HTS subheading 4202.92.08): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	220,731,214	241,948,368	237,242,266	269,970,853	293,105,483
Vietnam	3,122,382	2,143,057	2,592,149	3,145,009	6,126,229
France	4,584	17,158	103,084	861,432	3,546,953
Thailand	1,239,257	432,446	1,137,656	2,160,547	1,961,795
Hong Kong	793,159	1,118,964	1,854,554	1,254,385	1,278,479
Cambodia	3,064	223,765	143,634	1,239	883,200
Bangladesh	24,353	225,657	434,010	498,037	733,662
Taiwan	294,404	888,522	290,506	378,045	639,583
Philippines	557,244	65,691	30,540	194,572	517,439
Indonesia	470,882	149,158	228,447	184,545	214,637
All other	781,722	1,004,186	1,259,963	1,755,712	1,126,340
Total	228,022,265	248,216,972	245,316,809	280,404,376	310,133,800
Nepal	375	300	322	444	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.8: Travel, sports and similar bags with outer surface of vegetable fibers, of cotton, not of pile or tufted construction (HTS subheading 4202.92.15): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	331,502,343	388,679,911	352,749,084	331,170,283	283,723,136
Vietnam	25,126,626	48,634,723	53,986,369	38,279,306	31,810,191
India	19,429,562	20,470,214	16,069,714	21,069,506	26,291,278
Bangladesh	1,010,542	2,476,554	3,603,138	7,809,827	11,063,660
Pakistan	3,725,940	3,946,295	4,955,368	5,838,120	6,612,953
Burma (Myanmar)	0	0	0	0	5,676,635
Philippines	1,141,741	3,823,788	11,995,159	18,503,083	5,650,239
Italy	5,360,218	4,828,709	2,677,404	3,005,544	4,976,323
France	6,176,272	8,922,881	5,182,180	4,371,125	3,230,750
Thailand	205,933	700,301	407,647	486,942	1,604,083
All other	7,472,754	8,170,687	8,114,913	8,586,343	6,624,012
Total	401,151,931	490,654,063	459,740,976	439,120,079	387,263,260
Nepal	677,107	1,214,732	784,817	631,534	922,687

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.9: Travel, sports and similar bags with outer surface of vegetable fibers, excluding cotton, not of pile construction (HTS subheading 4202.92.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	24,669,436	27,162,891	23,012,320	22,956,502	25,762,020
India	2,383,172	2,834,360	5,514,211	6,940,124	8,035,186
Hong Kong	679,643	304,934	590,286	371,936	653,680
Vietnam	94,547	446,233	884,837	205,943	364,808
Philippines	162,071	83,063	19,671	33,978	169,887
Bangladesh	5,037	7,447	22,948	102,472	157,994
Italy	272,054	292,958	252,923	659,962	141,861
Germany	54,630	48,383	72,751	52,868	133,154
Taiwan	481,552	98,506	142,500	116,461	110,022
South Korea	40,123	39,953	173,544	57,253	106,055
All other	921,661	807,140	894,337	1,097,818	673,540
Total	29,763,926	32,125,868	31,580,328	32,595,317	36,308,207
Nepal	160,528	118,115	73,110	39,849	31,695

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.10: Travel, sports and similar bags with outer surface of textile materials, other than of vegetable fibers (HTS subheading 4202.92.30): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	1,380,029,271	1,380,687,327	1,400,152,146	1,426,803,249	1,524,372,363
Vietnam	141,936,385	149,893,767	201,980,439	247,676,221	288,772,485
Indonesia	22,856,007	28,075,778	28,059,811	32,731,437	40,688,702
Philippines	30,220,531	35,654,815	30,080,424	29,523,146	36,503,998
Cambodia	94,921	699,482	1,371,874	6,758,922	22,968,240
Taiwan	16,309,226	16,567,955	14,417,526	13,604,315	13,409,960
Thailand	16,180,940	18,403,951	15,592,498	6,361,723	12,510,911
Italy	29,811,558	32,066,644	15,983,451	10,222,931	10,732,980
Hong Kong	8,558,825	9,180,461	8,231,785	7,552,192	9,927,192
Mexico	2,942,772	3,464,287	5,086,772	5,701,554	8,186,542
All other	22,856,620	20,418,840	20,956,463	24,481,823	33,302,548
Total	1,671,797,056	1,695,113,307	1,741,913,189	1,811,417,513	2,001,375,921
Nepal	199,335	82,685	240,885	287,362	216,264

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.11: Travel, sports and similar bags with outer surface of plastic sheeting (HTS subheading 4202.92.45): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	318,278,876	380,132,126	402,520,029	417,311,691	392,004,386
Vietnam	11,180,549	21,558,526	39,786,667	70,790,477	65,367,966
France	59,789,351	72,937,451	50,446,530	41,623,078	37,484,819
Philippines	2,874,977	2,612,650	2,154,821	8,718,770	25,034,547
Italy	10,459,540	12,945,045	8,724,594	4,756,898	7,070,193
Cambodia	14,369	36,459	152,361	1,778,384	5,830,408
Burma (Myanmar)	0	0	0	280,741	5,174,447
Mexico	1,990,717	2,571,999	2,938,585	5,413,100	4,551,171
Bangladesh	0	44,029	265,881	2,774,639	3,953,575
Indonesia	1,341,927	2,099,869	800,168	4,593,666	3,734,169
All other	15,523,300	24,742,594	15,527,438	13,995,608	11,233,019
Total	421,453,606	519,680,748	523,317,074	572,037,052	561,438,700
Nepal	0	5,317	0	270	4,921

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.12: Bags, cases and similar containers, not elsewhere specified or included, with outer surface of textile materials, of cotton (HTS subheading 4202.92.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	30,386,338	31,404,786	31,422,172	19,818,235	19,023,378
India	4,157,230	3,190,972	4,471,905	3,442,700	3,149,462
Vietnam	332,755	203,084	1,168,280	1,745,351	710,936
Hong Kong	800,394	334,058	794,628	575,602	546,305
Italy	332,142	983,157	555,475	380,651	503,263
Taiwan	217,569	62,187	131,538	181,497	459,079
Thailand	182,694	248,916	110,546	388,893	241,753
South Korea	1,160,208	231,514	103,621	117,526	177,185
Pakistan	82,028	88,785	229,340	276,461	172,532
Israel	710	2,584	4,071	8,930	146,915
All other	8,966,896	2,433,953	1,879,855	979,366	1,053,657
Total	38,618,964	39,183,996	40,871,431	27,915,212	26,184,465
Nepal	53,423	83,178	36,962	28,105	18,676

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.13: Bags, cases and similar containers not elsewhere specified or included, with outer surface of plastic sheeting or of textile materials, excluding of cotton (HTS subheading 4202.92.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	526,989,155	564,829,635	560,920,437	519,861,610	481,516,714
Vietnam	16,448,285	19,609,494	28,432,149	45,157,282	44,412,171
South Korea	4,207,421	13,159,484	57,070,488	26,144,563	20,981,077
Mexico	5,701,354	5,874,352	11,391,409	12,085,073	12,799,351
Thailand	3,407,546	4,215,386	3,992,933	7,808,362	10,097,653
Hong Kong	7,097,321	5,790,867	5,380,068	6,045,430	8,560,978
Taiwan	8,726,027	10,236,445	8,397,423	8,978,499	8,252,906
Canada	3,181,509	3,982,061	2,234,754	2,496,534	4,111,319
Spain	497,432	585,100	1,157,986	690,877	3,305,257
Cambodia	68,925	73,173	22,759	111,237	3,051,131
All other	18,081,634	21,929,764	17,091,935	22,393,561	22,186,063
Total	594,406,609	650,285,761	696,092,341	651,773,028	619,274,620
Nepal	11,319	18,310	10,643	4,516	4,252

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 5.14: Cases, bags and similar containers, not elsewhere specified or included, with outer surface of vulcanized fiber or of paperboard (HTS subheading 4202.99.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	155,019,594	284,566,334	343,396,251	400,709,046	319,222,621
Mexico	14,245,774	51,889,446	50,615,837	71,256,866	58,842,254
South Korea	3,360,355	4,860,161	8,650,914	38,680,570	50,202,480
Taiwan	8,019,044	44,140,084	25,034,413	31,111,422	23,912,975
France	96,894	283,349	1,422,454	4,743,457	3,394,212
Israel	5,900,027	6,900,236	15,245,387	10,152,986	2,803,980
Hong Kong	1,275,118	1,879,433	3,523,700	2,253,155	2,650,921
Germany	973,636	1,267,124	3,815,560	3,054,072	1,695,413
United Kingdom	235,139	731,190	476,438	635,350	846,847
Canada	393,435	542,508	691,764	559,519	796,405
All other	10,406,018	7,647,502	7,246,970	5,819,913	5,242,886
Total	199,925,034	404,707,367	460,119,688	568,976,356	469,610,994
Nepal	7,201	1,885	2,998	10,762	5,651

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Chapter 6

Certain Carpets and Other Textile Floor Coverings (Rugs)

Table 6.1: Certain carpets and rugs

HTS subheading	Description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem equivalent)
5701.10.90	Carpets and rugs, of wool or fine animal hair, not hand-hooked, knotted but not hand-knotted	4.5
5702.31.20	Carpets and rugs of pile construction, woven, not tufted or flocked, not made up, of wool/fine animal hair, n.e.s.o.i.	4.0
5702.49.20	Carpets and rugs of pile construction, woven, not tufted or flocked, made up, of other textile materials, n.e.s.o.i.	4.0
5702.50.40	Carpets and rugs, not of pile construction, woven, not made up, of wool or fine animal hair, n.e.s.o.i.	6.3
5702.50.59	Carpets and rugs, not of pile construction, woven, not made up, of other textile materials, n.e.s.o.i.	2.7
5702.91.30 ^a	Floor coverings, not of pile construction, woven but not on a power-driven loom, made up, of wool or fine animal hair, n.e.s.o.i.	4.3
5702.91.40	Carpets and rugs, not of pile construction, woven, n.e.s.o.i., made up, of wool or fine animal hair, n.e.s.o.i.	3.6
5702.92.90	Carpets and rugs, not of pile construction, woven, made up, of manmade textile materials, n.e.s.o.i.	2.7
5702.99.15	Carpets and rugs, not of pile construction, woven, made up, of cotton	6.8
5703.10.20 ^a	Hand-hooked carpets and rugs, tufted, whether or not made up, of wool or fine animal hair	6.0
5703.10.80	Carpets and rugs, tufted, whether or not made up, of wool or fine animal hair	6.0
5703.90.00 ^a	Carpets and rugs, tufted, whether or not made up, of other textile materials, n.e.s.o.i.	3.8
5705.00.20	Carpets and other textile floor coverings, whether or not made up, other than of coir	3.3
6308.00.00	Needlecraft sets for making up into rugs, consisting of woven fabric and yarn, for making up into rugs, etc.	11.4

^a Eligible for preferential duty-free treatment under the Generalized System of Preferences (GSP).

Description and uses. Carpets and other textile floor coverings (rugs) are used for both functional purposes (providing warmth, comfort, and noise reduction) and decorative ones.⁸³ They consist of pile yarns or fibers and an underlying backing system usually made of woven jute or nonwoven manufactured fiber fabrics.⁸⁴ The textile materials appear on the exposed or top surface of the carpets or rugs.⁸⁵ Whereas carpets are fastened to the underlying floor with glue or tacking strips and usually cover an entire floor space, rugs extend over only a portion of the floor space and are not fastened to the underlying floor.⁸⁶ Carpets and rugs “may also be impregnated (i.e., the interstices between the yarns are completely filled e.g., with latex) or backed with woven or nonwoven fabrics or with cellular rubber or plastics.”⁸⁷

Carpets and rugs are most commonly produced by tufting machines. According to the *Dictionary of Fiber and Textile Technology*, these are “multi-needle sewing machines that push pile yarns through a primary backing fabric and hold them in place to form loops as the needles are withdrawn. The loops are then either released for loop-pile carpets or cut for cut-pile carpets.”⁸⁸ Alternatively, carpets and rugs are woven on looms. The inputs for carpets and rugs are natural fibers such as wool (which is durable and resilient) and other fine animal hair; cotton; and manmade fibers, including staple nylon, polypropylene, and polyester.⁸⁹

The carpets and rugs under consideration for designation as eligible products for the Nepal preference program (“certain carpets and rugs”) include miscellaneous carpets and floor coverings made of wool or other fine animal hair. Also included are carpets and rugs of cotton or manmade textile materials and hooked by hand, using hand tools or handheld machines; woven on power looms or on other looms; or braided, crocheted, embroidered, or otherwise produced by hand.

⁸³ Carpet and Rug Institute, “Carpet for the Home: Benefits,” n.d. (accessed April 26, 2016).

⁸⁴ Hoechst Celanese, *Dictionary of Fiber and Textile Technology*, 1989, 24.

⁸⁵ WCO, *Harmonized System Explanatory Notes*, chapter 57 (by subscription).

⁸⁶ Remnant King Carpets, “Rugs vs. Carpets: How to Choose,” June 14, 2014.

⁸⁷ WCO, *Harmonized System Explanatory Notes*, chapter 57 (by subscription); Hoechst Celanese. *Dictionary of Fiber and Textile Technology*, 1989, 79.

⁸⁸ Hoechst Celanese, *Dictionary of Fiber and Textile Technology*, 1989, 167.

⁸⁹ Spieler, “Modest Growth Gives Carpet Industry Hope,” June 2, 2013.

Advice

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Profile of U.S. Industry and Market, 2011–15

There is little publicly available information on the U.S. industry actively engaged in producing certain carpets and rugs in the United States (table 6.3). The specific carpets and rugs covered in this product group are made by labor-intensive processes, primarily by individuals or small cottage industries. As such, these types of carpets and rugs likely represent a small share of total carpet and rug production in the United States, where most carpet and rug production is capital intensive and highly automated.⁹⁰

Table 6.3: Certain carpets and rugs (HTS subheadings and statistical reporting numbers 5701.10.90, 5703.31.20, 5702.49.20, 5702.50.40, 5702.50.59, 5702.91.30, 5702.91.40, 5702.92.90, 5702.99.15, 5703.10.20 5703.10.80, 5703.90.00, 5705.00.20, and 6308.00.00): U.S. producers, employment, shipments, trade, consumption, import-to-consumption ratio, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (1,000 employees)	(^a)	(^a)	(^a)	(^a)	(^a)
Shipments (1,000 dollars)	875,000	930,000	1,050,000	960,000	1,100,000
Exports (1,000 dollars)	90,392	95,355	107,442	97,743	113,060
Imports (1,000 dollars)	592,498	587,266	593,405	666,562	702,890
Consumption (1,000 dollars)	1,377,106	1,421,911	1,535,983	1,528,819	1,689,830
Import-to-consumption ratio (percent)	43	41	37	44	42
Capacity utilization (percent)	(^a)	(^a)	(^a)	(^a)	(^a)

Source: U.S. import and export data compiled from official statistics from the U.S. Department of Commerce.

^a Not available.

⁹⁰ U.S. carpet industry representative, telephone interview by USITC staff, May 9, 2016; IBISWorld, *Carpet Mills in the US*, June 2015, 5.

The broader U.S. carpet and rug manufacturing industry⁹¹ consists of close to 400 firms with an estimated 31,000 employees in 2015, down from 33,560 employees in 2011.⁹² The number of U.S. firms and employees has been declining steadily in recent years because of growing automation as well as increased competition from imports from countries with lower labor and material costs.⁹³ U.S. imports of carpets and rugs have accounted for a significant share of U.S. consumption during the past two decades.⁹⁴

In 2015, U.S. shipments of all carpet and rug mill products (classified in NAICS 31411) totaled about \$9.5 billion,⁹⁵ with U.S. exports estimated to account for about 10 percent of U.S. industry revenue.⁹⁶ U.S. carpet manufacturing is concentrated in the Southeastern United States. Georgia accounts for almost half of the U.S. carpet mill firms, including the four largest.⁹⁷ Other key U.S. carpet manufacturing areas include California, the Great Lakes area, and New England.⁹⁸ U.S. carpet and rug production relies on technically advanced machinery and equipment and skilled labor.⁹⁹

U.S.-produced carpets and rugs currently supply 59 percent of the total U.S. floor covering market.¹⁰⁰ The U.S. carpet industry depends heavily on the U.S. housing market and new residential construction.¹⁰¹ Demand for carpets is also influenced by other downstream industries that use carpets, such as the automotive industry and the commercial building construction industry.¹⁰² Carpets and rugs are sold through independent floor covering retailers, home centers, mass merchandisers, department stores, shop-at-home venues, buying

⁹¹ This industry grouping is broader than the items covered by this chapter. That is, the grouping includes (1) roll carpets and rug goods—i.e., synthetic carpets and rugs, woolen carpets and rugs, and handmade carpets; (2) carpets produced from fine animal hair and wool; (3) handmade carpets; (4) modular carpets and rug tiles; (5) automobile and aircraft carpets and rugs; and (6) a small segment of carpets and scatter rugs and bathmats made of plant fibers, including coconut fibers.

⁹² Based on preliminary statistics from USDOL, BLS, “Quarterly Census of Employment and Wages” (accessed April 21, 2016).

⁹³ IBISWorld, *Carpet Mills in the US*, June 2015, 11, 18, 26.

⁹⁴ IBISWorld, *Carpet Mills in the US*, June 2015, 9.

⁹⁵ Estimated by USITC staff based on U.S. Census, *Annual Survey of Manufactures*, “Value of Product Shipments: Value of Shipments for Product Classes, 2014, 2013, and 2012,” January 8, 2016.

⁹⁶ IBISWorld, *Carpet Mills in the US*, June 2015, 18.

⁹⁷ IBISWorld, *Carpet Mills in the US*, June 2015, 21.

⁹⁸ *Ibid.*, 21.

⁹⁹ IBISWorld, *Carpet Mills in the US*, June 2015, 26; U.S. industry representative, telephone interview by USITC staff, May 9, 2016.

¹⁰⁰ Carpet and Rug Institute, “Quick Facts about the Carpet Industry,” n.d. (accessed April 26, 2016).

¹⁰¹ IBISWorld, *Carpet Mills in the US*, June 2015, 5.

¹⁰² *Ibid.*, 16–17.

groups, commercial dealers, commercial end users, e-commerce websites, and private labeling programs.¹⁰³

U.S. Imports from Nepal and Industry in Nepal

U.S. imports of certain carpets and rugs accounted for less than 2 percent of total U.S. imports (\$37.7 million) of all carpets and rugs classified in HTS chapter 57 from Nepal in 2015. As such, the vast majority of total U.S. imports of all types of carpets and rugs from Nepal comprise carpets and rugs that are not subject to this investigation.¹⁰⁴

Nepal is a minor supplier of U.S. imports of the carpets and rugs covered in this chapter. U.S. imports of these goods from Nepal totaled \$664,006 in 2015, accounting for less than 0.1 percent of total U.S. imports of such products (table 6.4) and down from a 0.2 percent share in 2011. Furthermore, U.S. imports from Nepal of such products fell by almost half in 2015, down from \$1.2 million in 2014.

Table 6.4: Certain carpets and rugs (HTS subheadings 5701.10.90, 5703.31.20, 5702.49.20, 5702.50.40, 5702.50.59, 5702.91.30, 5702.91.40, 5702.92.90, 5702.99.15, 5703.10.20 5703.10.80, 5703.90.00, 5705.00.20, and 6308.00.00: U.S. imports, U.S. imports from Nepal, Nepal share of total U.S. imports, and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Imports from Nepal	Percent share Nepal	Percent of U.S. consumption
Certain carpets and rugs	702,890	664	(c)	(b)
HTS 5701.10.90	8,494	327	3.9	(b)
HTS 5702.31.20	78,866	51	(c)	(b)
HTS 5702.49.20	3,651	0	0	0
HTS 5702.50.40	3,816	21	(c)	(b)
HTS 5702.50.59	4,999	0	0	0
HTS 5702.91.30 ^a	18,483	25	(c)	(b)
HTS 5702.91.40	3,953	3	(c)	(b)
HTS 5702.92.90	37,705	0	0	(b)
HTS 5702.99.15	10,784	0	0	0
HTS 5703.10.20 ^a	193,816	161	(c)	(b)
HTS 5703.10.80	42,820	28	(c)	(b)
HTS 5703.90.00 ^a	111,265	31	(c)	(b)
HTS 5705.00.20	178,899	17	(c)	(b)
HTS 6308.00.00	5,338	0	0.0	0

^a Eligible for preferential treatment under the Generalized System of GSP.

^b Not available.

^c Less than 0.5 percent.

¹⁰³ IBISWorld, *Carpet Mills in the US, June 2015*, 5, 28; Mohawk Industries, "Form 10-K," December 31, 2014. (accessed May 16, 2016).

¹⁰⁴ HTS subheadings 5701.10.40 and 5702.91.20, which cover U.S. imports of wool or fine animal hair carpets that are hand-hooked or certified hand-loomed, as well as folklore floor coverings, enter under an NTR rate of free.

Traditional carpets and rugs made in Nepal are known for their high-quality Tibetan wool,¹⁰⁵ craftsmanship, intricate designs and patterns, and often bold colors.¹⁰⁶ Nepali hand-knotted woolen carpet, a principal component and export of Nepal's carpet industry, is known for its texture, colors, resiliency, strength, and durability.¹⁰⁷ Industry sources report that in the 1980s, Nepal's carpet industry began creating business alliances with Western interior designers who sought modern designs and sizes better suited to Western tastes.¹⁰⁸ In recent years, however, rising labor costs and lower productivity rates compared to other suppliers, along with labor shortages and the high cost of importing raw materials, have made Nepal's carpet industry less competitive—particularly with respect to India and China, which are Nepal's major competitors.¹⁰⁹ The cost of producing Nepal's carpets and rugs tends to be higher than the cost of producing carpets and rugs in China and India.

There are an estimated 1,275 producers of certain carpets and rugs in Nepal employing 75,000 people, of whom an estimated 50,000 are cottage industry workers or individuals.¹¹⁰ Because certain carpets and rugs are produced in Nepal primarily by skilled craftspeople who have a “unique style of weaving” and often create customized orders, production is not likely to expand quickly.¹¹¹ Automated carpet production in Nepal is considered virtually nonexistent.¹¹² Production capacity for certain carpets and rugs in Nepal is currently estimated at 1.2 million square meters; the Government of Nepal estimates that even with additional capital investment in the industry, capacity would increase only to 1.5 million square meters.¹¹³ Moreover, industry sources in Nepal report that the shortage of electricity and the absence of effective business regulations and labor policies hamper the competitiveness of Nepal's carpet producers.¹¹⁴

¹⁰⁵ Tibetan/Himalayan wool consists of long, thick fibers and reportedly is “extremely resilient and has exceptional luster.” Dasha, “The Art of the Custom Rug–Nepal” (accessed April 28, 2016).

¹⁰⁶ Wanczura, “Nepal Rugs: Purchasing Guide,” n.d. (accessed April 26, 2016). According to one witness at the Commission hearing, the quality of carpets and rugs made in Nepal is considered unequaled in the rest of the world. USITC hearing transcript, June 9, 2016, 113 (testimony of Rishi Dhakal, Rising International).

¹⁰⁷ Government of Nepal, Ministry of Commerce, Trade and Export Promotion Centre, “Hand-Knotted Woolen Carpet of Nepal,” n.d. (accessed April 25, 2016).

¹⁰⁸ Wanczura, “The Origins of the Nepalese Carpet Industry,” n.d. (accessed April 28, 2016).

¹⁰⁹ Industry representative of a Nepali carpet association, email message to USITC staff, June 16, 2016; USITC, hearing transcript, June 9, 2016, 52 (testimony of Ashish Kumar, Sengupta, GAN); Becker, “Tattered: Why the Tibetan Carpet Industry of Nepal Is Declining,” Fall 2011.

¹¹⁰ Embassy of Nepal, written submission to the USITC, May 25, 2016, 40.

¹¹¹ Representative of a Nepali carpet association, email message to USITC staff, June 16, 2016.

¹¹² USITC, hearing transcript, June 9, 2016, 114 (testimony of Mac McCoy, dZi Inc.).

¹¹³ Embassy of Nepal, written submission to the USITC, May 25, 2016, 40.

¹¹⁴ Representative of a Nepali carpet association, email message to USITC staff, June 16, 2016.

Industry views are mixed concerning the extent to which the earthquake of April 2015 disrupted production. Some sources note that Nepal's earthquake disrupted carpet and rug production for a short time, but production has been resuming gradually.¹¹⁵ Others attribute the decline in Nepal's production and exports of certain carpets and rugs in 2015 to “caution” by Nepali business decision makers.¹¹⁶

U.S. Imports

India and China were the primary suppliers of U.S. imports of certain carpets and rugs during 2011–15 (tables 6.5–6.19). U.S. imports of these goods from all sources rose 19 percent from \$592 million in 2011 to \$703 million in 2015. U.S. imports of these products in 2015 accounted for slightly more than one-fourth of total U.S. imports of all carpets and rugs that are included HTS chapter 57, which amounted to \$2.5 billion, up 32 percent from \$1.9 billion in 2011.

Table 6.5: Certain carpets and rugs: U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	257,737,715	235,510,191	250,462,807	306,711,264	323,863,377
China	207,144,925	219,431,305	211,271,548	205,513,298	233,989,047
United Kingdom	13,451,822	11,997,018	15,466,535	21,314,436	18,359,235
Hong Kong	1,759,809	982,655	885,545	13,275,026	13,501,986
Belgium	11,257,242	9,556,247	11,289,632	14,447,088	13,039,307
Portugal	13,951,547	14,672,952	11,786,651	10,174,037	10,754,162
Thailand	13,471,034	11,997,262	12,059,436	15,041,199	10,034,255
Ireland	10,744,113	13,987,887	10,216,546	8,380,807	9,046,413
Netherlands	6,460,253	9,262,867	9,833,482	10,247,999	8,720,679
New Zealand	1,266,037	2,577,668	5,008,452	6,702,269	7,404,450
All other	55,253,538	57,290,122	55,124,469	54,754,461	54,176,828
Total	592,498,035	587,266,174	593,405,103	666,561,884	702,889,739
Nepal	1,080,344	1,359,412	1,173,691	1,213,553	664,006

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed May 13, 2016).

¹¹⁵ Ibid.

¹¹⁶ Ibid.

Table 6.6: Carpets and other textile floor coverings, of wool or fine animal hair, not hand-hooked, not hand-knotted during weaving (HTS subheading 5701.10.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	1,650,803	2,037,331	1,933,583	2,189,279	4,112,018
Turkey	346,701	514,147	480,533	1,458,587	1,063,509
China	232,975	118,412	51,214	316,752	535,316
United Kingdom	97,942	300,219	106,677	196,022	459,976
Morocco	91,637	196,307	147,375	187,253	345,748
Nepal	280,390	302,473	267,734	511,214	327,340
Hong Kong	2,356	3,856	1,913	96,143	308,195
Pakistan	103,805	141,457	180,866	323,178	299,095
Italy	159,997	140,645	206,524	216,905	192,918
France	64,651	95,396	113,810	136,927	150,188
All other	618,153	1,403,854	666,264	575,602	700,116
Total	3,649,410	5,254,097	4,156,493	6,207,862	8,494,419
Nepal	280,390	302,473	267,734	511,214	327,340

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.7: Carpets and other textile floor coverings of pile construction, woven, not tufted or flocked, not made up, of wool/fine animal hair, n.e.s.o.i. (HTS subheading 5702.31.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	15,229,256	24,131,286	16,778,606	15,663,773	14,522,874
India	5,051,100	9,344,845	8,601,749	8,259,317	11,521,623
United Kingdom	7,525,260	5,315,626	7,813,692	12,169,224	11,407,704
Portugal	10,426,730	10,703,759	8,132,074	7,179,049	8,198,411
Ireland	9,994,284	12,494,966	9,083,988	6,960,525	7,662,404
Thailand	7,109,635	5,805,652	6,445,334	9,364,122	5,687,307
Hong Kong	47,735	70,965	20,190	4,648,997	5,633,585
Belgium	387,626	395,814	1,318,451	3,139,249	3,304,029
Egypt	1,065,944	3,931,867	2,964,168	4,166,028	2,761,644
Spain	192,096	1,278,712	1,961,861	2,165,158	1,916,761
All other	8,785,513	8,869,927	9,517,024	6,567,391	6,250,019
Total	65,815,179	82,343,419	72,637,137	80,282,833	78,866,361
Nepal	4,262	8,669	56,697	7,500	50,816

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Chapter 6: Certain Carpets and Other Textile Floor Coverings (Rugs)

Table 6.8: Carpets and other textile floor coverings, woven, not tufted or flocked, of pile construction, made up, of other textile materials, n.e.s.o.i. (HTS subheading 5702.49.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	237,768	622,775	874,114	1,408,895	1,444,041
Turkey	3,865	225,203	1,015,770	1,259,671	1,279,636
China	471,568	343,849	1,808,496	2,496,941	473,838
Guatemala	202,960	82,683	93,213	75,804	145,477
Belgium	133,488	137,263	1,009	12,180	71,694
France	0	0	48,098	37,099	49,083
Canada	26,374	52,663	60,983	62,097	48,607
Finland	2,141	0	976	1,557	41,913
Vietnam	0	0	400	24,881	30,340
Philippines	4,718	0	0	0	21,168
All other	124,896	157,839	187,041	253,177	44,969
Total	1,207,778	1,622,275	4,090,100	5,632,302	3,650,766
Nepal	4,571	14,573	55,734	24,811	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.9: Carpets and other textile floor coverings, woven, not tufted or flocked or of pile construction, not made up, of wool or fine animal hair, n.e.s.o.i. (HTS subheading 5702.50.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	34,528	18,558	197,746	930,725	1,128,299
Belgium	1,035,254	730,781	920,901	1,407,128	1,026,835
Spain	341,263	674,705	394,028	890,078	560,978
Netherlands	330,115	308,981	253,393	519,482	216,598
Sweden	5,648	206,725	28,332	42,878	200,685
Denmark	272,303	170,887	276,993	211,780	168,725
China	175,899	203,737	299,332	281,260	138,347
Germany	118,708	128,903	0	11,644	71,301
Portugal	0	0	26,679	95,398	63,687
United Kingdom	103,855	99,195	108,759	99,244	63,152
All other	121,358	265,627	234,497	352,950	177,863
Total	2,538,931	2,808,099	2,740,660	4,842,567	3,816,470
Nepal	270	10,858	16,702	29,309	20,510

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.10: Carpets and other textile floor coverings, woven, not tufted or flocked or of pile construction, not made up, of other textile materials, n.e.s.o.i. (HTS subheading 5702.50.59): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	3,125,281	3,431,852	3,759,255	2,836,063	2,840,477
Belgium	2,268,770	1,643,871	1,303,450	1,699,833	1,249,536
India	567,587	495,880	496,161	617,502	477,649
Hong Kong	222,214	0	70,700	499,994	218,988
Portugal	0	1,671	84,586	56,993	139,731
France	0	288	0	12,080	41,742
South Africa	0	0	0	2,896	9,272
Colombia	0	280	0	838	4,226
Italy	16,529	25,516	11,837	4,635	4,201
Canada	450	0	720	600	3,532
All other	423,670	309,663	219,068	224,317	9,752
Total	6,624,501	5,909,021	5,945,777	5,955,751	4,999,106
Nepal	0	1,719	0	12,960	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.11: Floor coverings, not of pile construction, woven, but not made on a power-driven loom, made up, of wool or fine animal hair, n.e.s.o.i. (HTS subheading 5702.91.30): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	8,362,176	12,734,609	15,115,101	13,407,324	16,932,656
Guatemala	389,146	308,368	253,015	297,306	428,706
Sweden	809,851	971,010	805,661	358,422	254,166
Peru	272,895	390,877	449,087	585,688	219,588
Turkey	12,837	23,418	49,213	55,452	165,603
China	226,662	338,474	206,356	94,629	62,968
Mexico	88,057	100,481	79,483	29,845	60,086
France	21,400	39,092	15,026	12,945	59,629
United Kingdom	15,170	19,801	5,417	24,778	49,200
Germany	0	3,714	9,797	11,185	37,509
All other	376,986	334,758	529,268	270,411	212,781
Total	10,575,180	15,264,602	17,517,424	15,147,985	18,482,892
Nepal	1,366	15,489	130,943	47,685	25,312

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

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Table 6.12: Carpets and other textile floor coverings, not of pile construction, woven, n.e.s.o.i., made up, of wool or fine animal hair, n.e.s.o.i. (HTS subheading 5702.91.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Sweden	725,703	767,067	1,066,935	1,820,324	1,653,783
India	585,227	2,319,472	1,760,714	845,713	1,165,921
Hungary	282,790	311,407	674,424	639,768	535,934
Mexico	21,583	48,885	11,432	38,000	104,945
Turkey	120,735	34,278	62,754	17,952	90,121
United Kingdom	50,718	25,860	32,801	32,158	74,069
Guatemala	167,491	91,243	128,248	67,512	56,312
Spain	0	0	494	0	54,548
Belgium	9,853	33,205	35,324	33,964	40,925
Morocco	19,751	46,588	28,215	40,156	40,595
All other	279,633	294,578	415,434	339,151	135,668
Total	2,263,484	3,972,583	4,216,775	3,874,698	3,952,821
Nepal	9,289	49,155	5,728	12,713	3,260

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.13: Carpet and other textile floor coverings, woven, not of pile construction, made up, of manmade textile materials, n.e.s.o.i. (HTS subheading 5702.92.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	11,614,573	11,764,039	13,224,853	8,516,592	17,543,204
India	605,541	1,203,976	2,821,387	11,931,076	14,884,232
Belgium	3,070,753	2,990,122	3,740,650	4,302,511	4,030,876
Egypt	2,879,085	1,480,424	3,202,833	989,714	658,107
Turkey	3,515,684	1,453,841	2,012,013	391,700	143,918
Sweden	21,662	33,062	38,244	131,790	120,495
South Korea	20,053	43,626	42,199	66,724	49,993
Saudi Arabia	22,615	45,976	24,053	34,978	43,097
France	89,392	36,433	15,092	9,531	38,082
Switzerland	5,394	0	2,015	47,194	31,170
All other	158,257	170,137	127,048	346,312	162,004
Total	22,003,009	19,221,636	25,250,387	26,768,122	37,705,178
Nepal	440	4,470	0	3,897	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.14: Carpets and other textile floor coverings, woven, not of pile construction, made up, of cotton, n.e.s.o.i. (HTS subheading 5702.99.15): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	4,724,600	4,904,702	5,388,409	6,402,561	8,591,170
Bangladesh	0	0	188,527	226,981	1,533,287
Turkey	172,376	165,967	328,543	285,929	201,868
China	834,292	424,189	797,603	371,183	177,547
Portugal	53,087	79,882	97,562	22,778	78,935
Hong Kong	0	0	0	12,042	70,871
Italy	6,474	18,552	75,093	82,406	57,276
Finland	4,074	23,504	17,552	32,330	35,088
Guatemala	10,007	2,412	14,091	19,238	17,240
France	4,652	6,801	850	10,727	6,964
All other	160,121	130,089	49,348	26,077	13,869
Total	5,969,683	5,756,098	6,957,578	7,492,252	10,784,115
Nepal	305	0	912	4,196	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.15: Hand-hooked carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair (HTS subheading 5703.10.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	140,887,081	121,614,779	131,453,056	163,265,580	159,240,587
China	29,881,206	28,963,722	27,700,741	27,757,404	26,205,293
Thailand	3,638,497	3,477,152	2,963,784	2,999,830	2,391,915
Philippines	757,189	1,057,889	852,385	704,979	1,038,610
New Zealand	493,952	272,323	292,017	467,965	760,172
Sweden	250,589	586,314	368,074	543,203	619,527
Netherlands	248,323	209,745	365,005	87,328	589,413
Canada	689,418	524,157	521,820	466,872	466,191
Italy	296,765	139,441	326,320	264,257	458,109
Hong Kong	340,594	238,623	386,152	620,579	448,048
All other	3,535,192	3,645,955	1,341,366	1,729,736	1,597,942
Total	181,018,806	160,730,100	166,570,720	198,907,733	193,815,807
Nepal	495,816	723,964	409,507	415,365	160,968

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

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Table 6.16: Carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair, n.e.s.o.i. (HTS subheading 5703.10.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	8,985,444	9,541,580	11,704,650	9,380,440	8,588,983
India	6,572,145	5,060,269	6,120,392	6,534,048	8,003,203
Netherlands	2,636,901	4,907,406	5,740,378	6,591,594	6,767,738
New Zealand	697,131	2,252,654	4,662,106	6,222,507	6,596,999
Hong Kong	402,929	317,831	368,022	5,748,537	4,731,788
Belgium	2,310,228	2,159,035	2,888,863	2,628,696	1,920,956
Australia	7,918,682	5,049,792	1,908,282	2,224,602	1,199,035
Thailand	1,422,525	1,282,781	1,484,942	1,825,282	1,044,356
Italy	746,797	788,256	870,673	704,300	621,754
Turkey	324,453	318,665	296,981	775,054	445,236
All other	5,432,217	4,559,303	2,449,989	3,237,095	2,899,760
Total	37,449,452	36,237,572	38,495,278	45,872,155	42,819,808
Nepal	81,728	113,447	25,268	51,743	28,144

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.17: Carpets and other textile floor coverings, tufted, whether or not made up, of other textile materials, n.e.s.o.i. (HTS subheading 5703.90.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	79,169,998	62,844,235	64,668,920	76,696,867	70,737,349
China	16,165,255	23,205,539	17,981,011	28,049,075	32,853,521
Hong Kong	17,224	3,235	31,283	1,434,122	2,005,834
Portugal	3,184,471	3,545,372	3,119,540	2,234,217	1,879,805
Spain	1,613	3,524	85,587	754,278	1,260,757
Thailand	425,945	553,159	613,299	507,846	461,732
Turkey	101,762	478,172	778,326	298,686	338,091
United Arab Emirates	1,390	0	3,400	96,613	328,259
Belgium	185,228	157,630	311,656	167,070	255,760
Pakistan	175,997	858,285	209,043	132,158	239,452
All other	2,368,324	3,113,134	3,165,996	1,757,994	904,434
Total	101,797,207	94,762,285	90,968,061	112,128,926	111,264,994
Nepal	43,538	43,804	57,660	26,196	30,705

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

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Table 6.18: Carpets and other textile floor coverings, whether or not made up, n.e.s.o.i. (HTS subheading 5705.00.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	115,326,355	112,311,124	113,232,853	106,340,875	126,846,288
India	9,232,385	12,194,799	10,937,679	14,198,281	25,593,681
United Kingdom	4,481,902	5,480,421	6,517,954	7,785,800	5,660,135
Germany	4,034,680	2,368,288	2,616,016	4,008,309	2,834,847
Indonesia	12,821	657,189	771,865	720,738	2,718,640
Mexico	294,565	745,325	1,480,428	3,323,624	2,633,726
Czech Republic	280,861	622,288	689,531	2,500,187	2,298,702
Italy	648,245	553,559	710,344	713,984	1,034,623
Ireland	699,828	864,949	868,918	953,291	937,313
Hungary	0	0	0	207,691	778,199
All other	10,481,214	11,337,148	10,440,631	7,110,987	7,563,320
Total	145,492,856	147,135,090	148,266,219	147,863,767	178,899,474
Nepal	49,667	13,259	94,085	58,318	16,951

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 6.19: Needlecraft sets for making up into rugs, etc., consisting of woven fabric and yarn, whether or not with accessories, put up packings for retail sale (HTS subheading 6308.00.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	4,851,636	4,649,042	3,641,854	3,385,687	3,168,368
Turkey	2,510	531	0	241,263	400,230
Belgium	362,070	377,769	380,923	425,924	389,585
Russia	0	43,085	114,442	324,670	290,982
Italy	32,697	46,964	68,155	106,775	186,407
United Kingdom	192,765	167,131	382,177	236,225	183,434
Hungary	111,957	326,776	309,584	325,412	176,325
Lithuania	0	969	0	16,547	139,333
Netherlands	42,315	36,070	28,501	13,062	58,856
Japan	98,583	128,133	62,723	16,803	54,762
All other	398,026	472,827	604,135	492,563	289,246
Total	6,092,559	6,249,297	5,592,494	5,584,931	5,337,528
Nepal	108,702	57,532	52,721	7,646	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Chapter 7

Certain Shawls, Scarves, Headbands, and Blankets

Table 7.1: Certain shawls, scarves, headbands, and blankets

HTS subheading	Description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem equivalent)
6117.10.60	Knitted shawls and scarves of cotton or other vegetable fibers	9.5
6117.80.85 ^a	Knitted headbands, other than 70 percent or more by weight of silk	14.6
6214.10.10 ^a	Woven shawls and scarves of silk, containing 70 percent or more by weight of silk	1.2
6214.10.20	Woven shawls and scarves of silk, other than 70 percent or more by weight of silk	3.9
6214.20.00	Woven shawls and scarves of wool or fine animal hair	6.7
6214.40.00	Woven shawls and scarves of artificial fibers	5.3
6214.90.00	Woven shawls and scarves of cotton and other vegetable fibers	11.3
6217.10.85 ^a	Woven headbands, other than 70 percent or more by weight of silk	14.6
6301.90.00	Other blankets and traveling rugs of artificial fibers, silk, and other vegetable fibers (excluding cotton)	7.2

^a Eligible for preferential duty-free treatment under the Generalized System of Preferences (GSP).

Description and uses. Shawls and scarves are generally used to cover the head and/or shoulders (shawls, mantillas, and veils) or worn around the neck (scarves). Certain shawls and scarves covered in this chapter include knitted shawls and scarves of cotton or other vegetable fibers, and woven shawls and scarves of silk; wool or fine animal hair; cotton and other vegetable fibers; and artificial fibers (excludes woven scarves of synthetic fibers, such as acrylic and polyester). They may be used for warmth and/or decorative purposes.

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Headbands covered in this chapter include knitted and woven headbands, ponytail holders, and similar articles (headbands), other than those 70 percent or more by weight of silk. Headbands are used in protection against the cold, for use in sports, as a fashion accessory, and to hold hair in place.

Blankets covered in this chapter may be woven, knitted, crocheted, or non-woven, and may be made of artificial fibers, silk, and vegetable fibers, other than cotton. Blankets are used for protection against the cold and generally cover a large portion of a person's body. "Certain shawls, scarves, headbands, and blankets" includes all products in these categories that are under consideration for designation as eligible products for the Nepal preference program.

Advice

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Profile of U.S. Industry and Market, 2011–15

There are little publicly available data on the U.S. industry actively engaged in the production of certain shawls, scarves, headbands, and blankets covered in this chapter (table 7.3). The Commission identified less than 50 companies producing these products in the United States. The estimated U.S. market for these goods was \$479 million in 2015 (table 7.3), supplied mostly by imports.

Table 7.3: Certain shawls, scarves, headbands, and blankets (HTS subheadings 6117.10.60, 6117.80.85, 6214.10.10, 6214.10.20, 6214.20.00, 6214.40.00, 6214.90.00, 6217.10.85, and 6301.90.00): U.S. producers, employment, shipments, trade, consumption, import-to-consumption ratio, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (1,000 employees)	(^a)	(^a)	(^a)	(^a)	(^a)
Shipments (1,000 \$)	**32,653	**38,732	**32,305	**35,059	**35,279
Exports (1,000 \$) ^b	10,565	12,220	10,446	11,548	11,345
Imports (1,000 \$)	403,182	434,692	487,043	495,534	454,637
Consumption (1,000 \$)	**425,270	**461,204	**508,902	**519,045	**478,571
Import-to-consumption ratio (%)	**95	**94	**96	**95	**95
Capacity utilization (%) ^c	64	72	71	68	75

Source: U.S. import and export data compiled from official statistics from the U.S. Department of Commerce unless otherwise noted.

Note: **Based on USITC estimates.

^a Not available.

^b Data for exports under HTS 6301.90.00 are based on USITC estimates.

^c Estimates for capacity utilization are based on U.S. Census Bureau, "Quarterly Survey of Plant Capacity Utilization Full Rates" for NAICS 3159, apparel accessories and other apparel.

The products covered in this chapter may be sold in a variety of retail establishments, including mass merchandising, outlet and department stores, small specialty shops; and in niche specialty markets for artisan and fair trade merchandise, as well as through e-commerce websites and wholesale outlets.

Headbands. Domestic firms that make headbands include knitting mills (e.g., Artex Knitting Mills and Wisconsin Knitwear), as well as firms that assemble headbands from purchased materials (e.g., Gina Made It). Knitted and woven headbands, primarily of manmade fibers, are made in United States for a variety of end uses, including for use in sports and as fashion accessories.¹¹⁷

Shawls and Scarves. Domestic producers of woven shawls and scarves covered in this chapter comprise different types of producers, including U.S. wool blanket and fabric mills that also make wool scarves on automated machinery and small, niche producers that make silk or

¹¹⁷ For examples of some of the types of headbands produced domestically, see Bondi Bands website, <http://www.bondiband.com/category-s/1817.htm>; Wisconsin Knitwear website, <http://www.wisconsinknitwear.com/products.html>; Halo Headband website, <http://store.haloheadband.com/halo-i-tie-headband-p/ht.htm>; Chica Sport Athletic Accessories website, http://www.chicabands.com/mm5/merchant.mvc?Store_Code=CHICA&Screen=PROD&Category_Code=SQL&Product_Code=CB341&sort=name.asc; Snugars website, <https://www.snugars.com/>; Kooshoo website, <http://www.kooshoo.com/>; Gina Made It website, <https://ginamadeit.com/>; EthixMerch website, <http://shop.ethixmerch.com/ProductResults/?SearchTerms=headbands&referrerPage=Home&refPgId=510239745&referrerModule=QKSCHB> (all accessed June 7, 2016).

cotton scarves (including wedding veils).¹¹⁸ American Apparel, a domestic apparel producer, also makes knit cotton scarves covered by this chapter.¹¹⁹

Blankets. There is little domestic production of blankets covered under HTS subheading 6301.90.00 (blankets of artificial fibers, silk, and vegetable fibers, other than cotton). There is one known U.S. producer of linen blankets, Brahms Mount.¹²⁰ Its blankets sell in the upper tier of the U.S. market, with retail prices in excess of \$400.¹²¹ Another firm advertises the sale of hemp blankets that are made in the United States.¹²²

U.S. Imports from Nepal and Industry in Nepal

U.S. imports of certain shawls, scarves, headbands, and blankets from Nepal totaled \$3.2 million or 0.7 percent of total imports of these products in 2015 (table 7.4). Three of these products are eligible for duty-free treatment under GSP, including woven shawls and scarves containing more than 70 percent by weight of silk (HTS subheading 6214.10.10) and knitted and woven headbands (HTS subheadings 6117.80.85 and 6217.80.85). While less than 40 percent of silk shawls and scarves entered free of duty under GSP from Nepal in 2015, most headbands did so.¹²³ The Government of Nepal stated at the Commission hearing that the products covered in this chapter “are made in Nepal by thousands of cottage industries, artisans, and workers in family-owned and small companies.”¹²⁴ The products imported from Nepal are often marketed as fair trade and handmade merchandise. U.S. importers of products from Nepal subject to this

¹¹⁸ Pendleton Woolen Mills website, <http://www.pendleton-usa.com/> (accessed May 18, 2016); Fairbault Woolen Mill Co. website, <http://www.fairbaultmill.com> (accessed May 18, 2016); Amana Shops website, <http://www.amanashops.com/> (accessed June 10, 2016); Johnson Woolen Mills website, <http://johnsonwoolenmills.com/> (accessed June 10, 2016); Beau Monde Organics website, <http://beaumontdeorganics.com/alhambra-azure-organic-scarf/> (accessed June 10, 2016); Ann Guise Silk Wedding Veils, <http://www.silkveil.com/> (accessed June 10, 2016).

¹¹⁹ American Apparel website, http://store.americanapparel.net/en/the-circle-scarf_rsa0503s?c=Navy/Ivory# (accessed May 23, 2016).

¹²⁰ Brahms Mount website, <http://www.brahmsmount.com/blankets/linen-blankets.html> (accessed June 1, 2016).

¹²¹ Ibid.

¹²² The Willow Store website, <http://thewillowstore.com/> (accessed June 6, 2016).

¹²³ Specifically, 38 percent of the value of U.S. imports under HTS subheading 6214.10.10 (silk shawls and scarves) entered under GSP in 2015; 99 percent and 89 percent entered free of duty for HTS subheadings 6117.80.85 (knitted headbands) and 6217.80.85 (woven headbands), respectively. USITC DataWeb/USDOC (accessed June 14, 2016).

¹²⁴ USITC, hearing transcript, June 9, 2016, 11 (testimony of Naindra Prasad Upadhaya, Government of Nepal).

investigation state that the items they import are unique and do not compete with U.S.-made goods.¹²⁵

Table 7.4: Certain shawls, scarves, headbands, and blankets (HTS subheadings 6117.10.60, 6117.80.85, 6214.10.10, 6214.10.20, 6214.20.00, 6214.40.00, 6214.90.00, 6217.10.85, and 6301.90.00): U.S. imports, U.S. imports from Nepal, Nepal share of total U.S. imports, and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Imports from Nepal	Percent share Nepal	Percent of U.S. consumption
Certain shawls, scarves, headbands, and blankets	454,637	3,222	0.7	0.7
6117.10.60	14,881	123	0.8	0.8
6117.80.85 ^a	80,542	81	(^b)	(^b)
6214.10.10 ^a	58,670	180	(^b)	(^b)
6214.10.20	11,570	93	0.8	0.8
6214.20.00	112,200	2,436	2.2	2.1
6214.40.00	90,202	55	(^b)	(^b)
6214.90.00	33,337	142	(^b)	(^b)
6217.10.85 ^a	42,918	90	(^b)	(^b)
6301.90.00 ^c	10,317	21	(^b)	(^b)

^a Eligible for preferential treatment under GSP.

^b Less than 0.5 percent.

^c Percent of U.S. consumption based on USITC estimates.

U.S. imports of woven shawls and scarves of wool or fine animal hair (HTS subheading 6214.20.00) accounted for the largest value and share of imports of goods from Nepal covered in this chapter. Total imports from Nepal in this product grouping are valued at \$2.4 million, accounting for 2.2 percent of total U.S. imports of this product from the world. Most of these products are likely specialty shawls and scarves made of “Pashmina” fiber. Nepal is known for its production of “Pashmina” shawls and scarves, a luxury item made from fine animal hair of the “Chyangra” goat (sometimes marketed as “cashmere”), often combined with 20 to 30 percent silk yarn.¹²⁶ According to the Government of Nepal, the Nepal Pashmina Industries Association has a logo for Pashmina products that indicates Nepal origin of Pashmina products made of Himalayan Chyangra (goat) fine wool.”¹²⁷ Other types of scarves are also produced in Nepal, including woven silk, linen, and cotton shawls and scarves, and knitted wool scarves.¹²⁸

¹²⁵ Ganesh Himel, written submission to the USITC, May 26, 2016, 2; USITC, hearing transcript, June 9, 2016, 83 (testimony of Mac McCoy, dZi Inc.); USITC, hearing transcript, June 9, 2016, 85 (testimony of Rishi Punnakhar Dhakal, Rising International).

¹²⁶ “Pashmina” fibers include the fine fibers extracted from the inner hair of mountain goats that live above 3,000 meters in the Himalayas. Nepal Pashmina Association (NPIA), website, http://www.pashminaassociation.org.np/npia/nepalese_pashmina.php (accessed June 10, 2016); USITC, hearing transcript, June 9, 2016, 59 (testimony of Naindra Prasad Upadhaya, Government of Nepal). Nepal government officials and industry representatives, interview by USITC staff, Washington, DC, June 9, 2016.

¹²⁷ Embassy of Nepal, written submission to the USITC, June 17, 2016, 3.

¹²⁸ Nepal government officials and industry representatives, interview by USITC staff, Washington, DC, June 9, 2016; Embassy of Nepal, written submission to the USITC, June 17, 2016, 3.

According to Nepali industry and government officials, about 60 percent of the woven shawls and scarves are made on hand looms; the rest are woven on power looms.¹²⁹ There is reportedly excess capacity in this sector, as production has declined since 2000–2001 when Pashmina scarves peaked in popularity.¹³⁰ The Government of Nepal indicated that productive capacity in this sector could be increased from 3.5 million pieces to 10 million pieces with additional capital investment.¹³¹ Nepal has an estimated 600 producers of scarves, shawls, and travel blankets and 15,000 workers, of which 9,000 are employed in small and medium-sized enterprises and the remainder in cottage industries or as individual workers.¹³²

Two major types of headbands are produced in Nepal: wool (knitted or felted) and cotton (knitted or woven).¹³³ The headbands are made for warmth and fashion, and often have custom embroidery or other decoration. The Government of Nepal stated that 10,000 of the estimated 11,500 workers making headbands and needlecraft kits work in the cottage industries or as individual workers.¹³⁴ The headbands are often marketed as handmade or hand-knit.¹³⁵

¹²⁹ The Government of Nepal describes the “power looms” as “simple motor-driven looms.” Embassy of Nepal, written submission to the USITC, June 17, 2016, 3; Nepal government officials and industry representatives, interview by USITC staff, Washington, DC, June 9, 2016.

¹³⁰ Nepal government officials and industry representatives, interview by USITC staff, Washington, DC, June 9, 2016.

¹³¹ By comparison, U.S. imports of all woven shawls and scarves from Nepal, including those not covered by this chapter, totaled 243,396 units in 2015. Embassy of Nepal, written submission to the USITC, May 26, 2016, 40; USITC DataWeb/USDOC (accessed June 15, 2016).

¹³² The Government of Nepal defines small enterprises as having fixed capital of less than 30 million Nepalese rupees (about \$283,000) and medium enterprises as having fixed capital of between 30 million Nepalese rupees and 100 million Nepali rupees (about \$283,000 to \$943,000). Embassy of Nepal, written submissions to the USITC, May 26, 2016, 40, and June 17, 2016, 7.

¹³³ Nepal government officials and industry representatives, interview by USITC staff, Washington, DC, June 9, 2016; Rising Tide, Inc. website, <http://www.risingtide.com/prod-128-2-11537-537/polka-dot-headband.htm>; Come Together Trading Company website, <http://cometogethertrading.com/collections/headwear/products/marlowe-bow-headband>; Fair & Square Imports website, <http://fairandsquareimports.com/accessories/hand-loomed-headbands#.V163sfkrKU>; Nirvana Designs website, <http://nirvannadesigns.com/shop/women/earmuffs-headbands/headbands/monochrome-flower-headband/#!/prettyPhoto>; Flowerchild website, <http://www.flowerchildonline.com/hair-accessories/flower-ponytail-holder-felted> (all accessed June 13, 2016).

¹³⁴ Embassy of Nepal, written submission to the USITC, May 26, 2016, 40.

¹³⁵ For example, see Overstock.com website, <http://www.overstock.com/Worldstock-Fair-Trade/Hare-Rama-Hare-Krishna-Cotton-Mantra-Headband-Nepal/8119593/product.html?refccid=SIRKP5XNESJ26ACBVCV2FCXXAE&searchidx=0> (accessed June 13, 2016); Nirvana Designs website, <http://nirvannadesigns.com/shop/women/earmuffs-headbands/headbands/monochrome-flower-headband/#!/prettyPhoto> (accessed June 13, 2016).

Producers in Nepal make blankets out of wool, silk, linen, cotton, and artificial fibers, in addition to Pashmina fiber.¹³⁶ However, apart from wool and Pashmina (cashmere) blankets,¹³⁷ which are not covered by HTS subheading 6301.90.00, there is little additional information on the types of blankets produced in Nepal that are covered under HTS subheading 6301.90.00 (blankets of artificial fibers, silk, and vegetable fibers, other than cotton). In 2015, the unit value of U.S. imports of blankets under HTS subheading 6301.90.00 from Nepal was high compared with the world average (\$60.19 per blanket from Nepal, compared with \$4.51 per blanket from the world); thus, these blankets are likely made of silk or silk/cashmere blends.¹³⁸

U.S. Imports

China was the primary supplier of goods covered in this chapter in 2015, accounting for 49 percent (\$224 million) of total U.S. imports of these products that year (table 7.5). In particular, China was the leading supplier of knitted shawls and scarves, knitted and woven headbands, woven scarves of artificial fibers, and blankets (tables 7.6–7.14). Italy was the second largest supplier of imports for the products covered in this chapter in 2015, accounting for 19 percent (\$85.6 million) of total U.S. imports of these goods. Italy was the leading supplier of silk and wool shawls and scarves (HTS subheadings 6214.10.10, 6214.10.20, and 6214.20.00). For the products covered in this chapter, the leading products imported from the world in 2015 were shawls and scarves made of wool classified in HTS subheading 6214.20.00 (\$112.2 million) and of artificial fibers classified in HTS subheading 6214.40.00 (\$90.2 million), which together accounted for 45 percent of total U.S. imports.

¹³⁶ Embassy of Nepal, written submission to the USITC, June 17, 2016, 7.

¹³⁷ For example, see Everest Cashmere Industry website, http://www.everestcashmere.com/blankets_throws.php (accessed June 13, 2016); Santosa website, <https://santosa.co.uk/blankets-wraps> (accessed June 13, 2016).

¹³⁸ USITC DataWeb/USDOC (accessed June 13, 2016).

Table 7.5: Certain shawls, scarves, headbands, and blankets: U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	199,343,141	215,779,779	238,743,447	238,912,409	223,984,331
Italy	67,529,227	76,363,956	85,008,220	90,172,719	85,565,464
India	77,776,851	74,795,791	81,690,628	69,308,132	55,755,333
France	17,722,138	23,992,331	30,090,047	37,968,236	29,981,461
United Kingdom	10,907,798	9,777,747	11,422,650	16,775,561	15,373,976
Thailand	7,933,610	11,024,195	13,411,631	13,702,337	13,749,272
Vietnam	1,230,787	1,500,164	1,526,878	2,547,146	4,456,828
Nepal	2,671,720	2,809,960	2,569,255	2,827,218	3,221,809
Bangladesh	50,061	134,765	95,864	1,046,752	2,763,262
Indonesia	1,033,251	1,476,701	1,410,407	1,339,044	2,513,906
All other	16,983,438	17,036,408	21,074,010	20,934,127	17,271,676
Total	403,182,022	434,691,797	487,043,037	495,533,681	454,637,318
Nepal	2,671,720	2,809,960	2,569,255	2,827,218	3,221,809

Source: Compiled from official statistics of the U.S. Department of Commerce (access date May 13, 2016).

Table 7.6: Knitted shawls and scarves of cotton or other vegetable fibers (HTS subheading 6117.10.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	14,481,606	11,885,727	9,473,811	11,206,331	11,107,982
India	371,891	625,127	1,001,178	945,546	954,292
Italy	712,080	954,674	815,836	576,394	619,745
Indonesia	119,845	83,985	127,036	135,242	466,640
Vietnam	316,239	138,113	307,157	164,890	184,139
Peru	287,283	228,955	434,339	266,221	155,840
Canada	133,237	65,768	42,200	157,326	155,598
Pakistan	157,783	90,710	70,832	84,638	127,083
Nepal	35,991	40,468	41,530	92,765	122,760
Mexico	23,621	53,393	38,693	92,121	108,441
All other	1,592,261	1,691,430	1,195,527	1,186,771	878,328
Total	18,231,837	15,858,350	13,548,139	14,908,245	14,880,848
Nepal	35,991	40,468	41,530	92,765	122,760

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 7.7: Knitted headbands, other than 70 percent or more by weight of silk (HTS subheading 6117.80.85): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	24,208,678	28,297,486	44,093,673	52,832,561	58,232,112
Thailand	4,177,109	7,032,870	8,889,748	9,413,554	9,010,050
Vietnam	667,633	895,140	832,485	1,490,829	3,906,672
Bangladesh	2,883	15,806	10,229	868,300	2,477,010
Sri Lanka	79,917	787,852	1,518,179	1,977,314	1,782,258
Indonesia	203,962	610,499	602,744	282,783	1,475,092
Hong Kong	80,022	52,482	91,599	86,968	774,457
Taiwan	538,152	552,959	717,765	830,106	678,896
Italy	168,392	189,966	451,634	739,771	444,469
India	68,873	174,006	222,342	261,333	339,861
All other	2,099,139	1,569,695	4,712,903	3,417,583	1,421,211
Total	32,294,760	40,178,761	62,143,301	72,201,102	80,542,088
Nepal	27,633	20,680	83,593	72,516	81,449

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 7.8: Woven shawls and scarves of silk, containing 70 percent or more by weight of silk (HTS subheading 6214.10.10): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Italy	20,191,536	21,892,323	23,895,719	23,409,839	20,131,115
France	11,535,140	13,875,032	18,814,668	23,606,981	16,515,032
China	22,602,497	24,547,022	19,420,997	17,870,893	14,645,112
India	6,645,041	5,847,558	6,417,696	4,372,620	3,582,369
Japan	1,089,206	1,409,591	2,098,721	1,166,307	1,093,211
South Korea	544,547	531,774	746,506	754,347	780,305
United Kingdom	272,787	428,433	514,414	585,671	506,802
Canada	229,737	269,521	283,273	249,091	274,327
Nepal	245,932	126,198	138,048	133,209	179,586
Switzerland	61,005	163,127	135,100	179,570	119,032
All other	1,413,638	1,355,074	1,443,546	1,102,239	842,809
Total	64,831,066	70,445,653	73,908,688	73,430,767	58,669,700
Nepal	245,932	126,198	138,048	133,209	179,586

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 7.9: Woven shawls and scarves of silk, other than 70 percent or more by weight of silk (HTS subheading 6214.10.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Italy	4,694,206	5,682,704	6,764,713	8,209,353	8,357,964
China	2,106,268	2,494,802	1,582,186	1,721,236	1,265,850
Belgium	336,146	424,661	275,077	481,925	660,114
India	3,671,816	3,028,406	1,214,396	1,014,288	600,765
France	237,143	97,306	82,477	80,235	261,287
United Kingdom	57,474	78,290	256,190	267,175	99,780
Nepal	132,282	128,794	110,608	86,944	93,168
Vietnam	8,395	35,623	11,284	77,089	63,176
Canada	6,067	9,154	9,980	68,521	32,571
Japan	63,251	70,282	43,780	20,581	28,736
All other	140,385	156,125	138,626	165,816	106,370
Total	11,453,433	12,206,147	10,489,317	12,193,163	11,569,781
Nepal	132,282	128,794	110,608	86,944	93,168

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 7.10: Woven shawls and scarves of wool or fine animal hair (HTS subheading 6214.20.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
Italy	29,742,049	34,849,650	38,544,635	42,126,416	43,081,724
China	38,797,361	35,900,903	28,723,604	32,007,818	27,575,275
United Kingdom	10,262,586	8,870,173	10,155,799	15,675,087	14,358,728
France	5,416,259	9,146,403	10,585,726	13,783,386	12,756,809
India	13,393,259	10,866,103	10,895,202	10,598,698	8,591,392
Nepal	1,937,228	2,133,416	1,876,940	1,996,997	2,436,358
Peru	882,929	940,589	876,577	1,063,361	1,161,819
Ireland	665,405	417,592	489,785	409,090	463,577
Japan	211,870	182,698	117,788	237,311	187,608
Colombia	600	0	6,336	271	171,601
All other	2,004,105	2,132,817	1,358,159	2,034,642	1,415,160
Total	103,313,651	105,440,344	103,630,551	119,933,077	112,200,051
Nepal	1,937,228	2,133,416	1,876,940	1,996,997	2,436,358

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 7.11: Woven shawls and scarves of artificial fibers (HTS subheading 6214.40.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	55,649,514	65,250,313	77,858,180	65,660,276	55,947,092
India	34,298,584	34,159,840	37,293,382	31,403,531	24,079,863
Italy	6,039,461	5,851,424	8,259,471	8,362,409	8,497,677
Indonesia	392,164	573,898	428,461	693,094	400,348
Taiwan	25,283	83,027	151,959	177,885	276,266
Hong Kong	30,107	57,309	42,585	116,428	120,434
South Korea	112,779	56,955	22,226	257,891	116,732
Turkey	48,835	126,706	34,694	189,661	111,409
France	49,730	87,731	70,865	47,792	99,034
Ghana	64,761	61,260	81,712	83,615	72,045
All other	689,337	495,838	511,682	795,399	481,547
Total	97,400,555	106,804,301	124,755,217	107,787,981	90,202,447
Nepal	54,744	43,708	27,398	81,991	54,613

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 7.12: Woven shawls and scarves of cotton and other vegetable fibers (HTS subheading 6214.90.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
India	18,162,569	15,746,221	20,845,161	16,283,491	15,544,210
China	16,083,856	15,954,258	16,333,390	13,564,130	11,162,818
Italy	5,723,197	6,612,292	6,008,421	6,401,407	4,128,787
Pakistan	408,302	337,751	479,028	541,903	438,551
Japan	782,227	560,937	403,188	366,643	348,311
France	358,301	458,475	258,114	294,234	206,979
Ethiopia	283,744	395,429	551,465	283,299	144,116
Nepal	201,975	266,020	229,128	239,812	142,348
United Kingdom	101,138	175,965	256,702	81,393	126,792
Mexico	61,344	46,193	61,203	104,170	95,742
All other	2,133,115	2,204,899	2,091,192	1,609,702	998,699
Total	44,299,768	42,758,440	47,516,992	39,770,184	33,337,353
Nepal	201,975	266,020	229,128	239,812	142,348

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 7.13: Woven headbands, other than 70 percent or more by weight of silk (HTS subheading 6217.10.85): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	19,337,532	25,693,917	34,771,332	37,272,601	35,898,770
Thailand	2,848,275	3,332,157	4,153,023	3,926,093	4,510,469
India	910,286	4,188,004	3,417,405	2,734,363	880,620
Hong Kong	64,428	65,697	180,288	362,615	294,093
Taiwan	160,491	123,155	211,768	224,104	269,214
Sri Lanka	6,324	4,366	0	2,400	188,238
Italy	95,396	74,206	164,918	189,538	176,652
Bangladesh	0	61,234	5,490	76,614	167,725
Vietnam	6,760	43,710	97,571	483,596	145,539
Nepal	28,142	45,535	49,229	63,677	90,160
All other	512,571	431,323	372,278	457,659	296,423
Total	23,970,205	34,063,304	43,423,302	45,793,260	42,917,903
Nepal	28,142	45,535	49,229	63,677	90,160

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 7.14: Other blankets and traveling rugs of artificial fibers, silk, and other vegetable fibers (ex. cotton) (HTS subheading 6301.90.00): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	6,075,829	5,755,351	6,486,274	6,776,563	8,149,320
India	254,532	160,526	383,866	1,694,262	1,181,961
Spain	25,756	37,472	74,857	293,420	195,353
Italy	162,910	256,717	102,873	157,592	127,331
Peru	18,467	8,234	62,991	17,460	78,330
United Kingdom	21,476	46,150	21,951	28,766	73,122
Mexico	16,545	48,407	85,774	103,826	69,599
Poland	0	6,032	0	0	49,590
Germany	6,779	5,577	6,682	6,869	43,386
Lithuania	23,069	129,572	34,363	33,925	39,852
All other	781,384	482,459	367,899	403,219	309,303
Total	7,386,747	6,936,497	7,627,530	9,515,902	10,317,147
Nepal	7,793	5,141	12,781	59,307	21,367

Source: Compiled from official statistics of the U.S. Department of Commerce (access date Apr. 22, 2016).

Chapter 8

Certain Hats

Table 8.1: Certain hats

HTS subheading	Description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem equivalent)
6504.00.90	Certain hats, plaited or assembled from strips of material, except those of vegetable fibers, unspun vegetable materials, or paper yarn	6.8
6505.00.08	Certain hats made from goods of heading 6501, except those of fur felt	7.1
6505.00.15	Certain hats of cotton, flax, or both, knitted	7.9
6505.00.20	Certain certified hand-loomed and folklore hats of cotton, flax, or both, not knitted	7.5
6505.00.25	Certain other hats of cotton, flax, or both, not knitted	7.5
6505.00.30	Certain wool hats, knitted or crocheted or made from knitted/crocheted fabric	8.1
6505.00.40	Certain wool hats, not knitted or crocheted or made from knitted/crocheted fabric	8.7
6505.00.50	Certain manmade fiber hats, knitted or crocheted or made from knitted/crocheted fabric, wholly or in part of braid	6.8
6505.00.60	Certain manmade fiber hats, knitted or crocheted or made from knitted/crocheted fabric, not in part of braid	8.0
6505.00.80	Certain manmade fiber hats, not knitted or crocheted or made from knitted/crocheted fabric, not in part of braid	7.7
6505.00.90	Certain hats of silk, fine animal hair, paper yarn, unspun vegetable fibers, or other miscellaneous materials	8.5
6506.99.30 ^a	Other headgear, whether or not lined or trimmed, of furskin	3.3
6506.99.60 ^a	Other headgear, whether or not lined or trimmed, except headgear of furskin, rubber, or plastics	8.5

^a Eligible for preferential duty-free treatment under the Generalized System of Preferences (GSP).

Description and uses. Hats are shaped coverings designed to be worn on the head for warmth, protection, fashion, novelty, or as part of a uniform. Included are a wide variety of hat styles such as sunhats, baseball caps, fedoras, cloches,¹³⁹ beanies, balaclavas,¹⁴⁰ bucket hats, panama hats, berets, cowboy style hats, and occupational hats. The products subject to this investigation include headwear for men, women, children, and infants ("certain hats"). These hats, which may be lined or trimmed, are produced by blocking,¹⁴¹ knitting or crocheting, or sewing, and may be plaited or made by assembling strips of material. Included are hats made of cotton, flax, wool, manmade fibers, and other materials such as silk, fine animal hair, paper yarn, and unspun vegetable fibers. Products not subject to this investigation are hat forms, hat bodies, and hat shapes; hair-nets; safety headgear; certain hats of vegetable fibers, unspun fibrous vegetable materials, or paper yarn, plaited or made up of strips of material; certain fur felt hats; and certain manmade fiber hats, wholly or in part of braid.¹⁴²

¹³⁹ Cloches are close-fitting, bell-shaped hats for women.

¹⁴⁰ Balaclavas are close-fitting caps that cover the head, neck, and portions of the face.

¹⁴¹ Blocking is the process by which a hat form, generally of felt, or a hat shape, generally of plaiting materials or strips, is given shape. Hats can be hand blocked using wooden molds (known as hat blocks) or blocked by machine using metal blocks. Hat materials are placed on the forms and stretched, pulled, and molded into shape through a number of steps, often using water, steam, and/or heat.

¹⁴² This product grouping covers most of chapter 65 of the HTS with the exception of the following: headings 6501 and 6502 (hat bodies, shapes, and forms); subheadings 6504.00.30 and 6504.00.60 (hats and other headgear, plaited or made by assembling strips of any material, whether or not lined or trimmed, of vegetable fibers, unspun fibrous vegetable materials, paper yarn, or of any combination thereof); 6505.00.01 (hairnets); 6505.00.04 (felt hats and other felt headgear, made from the hat bodies or plateaux of heading 6501, whether or not lined or trimmed, of fur felt); 6505.00.70 (hats and other headgear, knitted or crocheted, or made up from lace, felt or other textile fabric, in the piece (but not in strips), whether or not lined or trimmed, other, of man-made fibers, other, wholly or in part of braid); 6505.10 (safety headgear); and heading 6507 (headbands, linings, covers, hat foundations and frames, peaks, and chin straps).

Advice

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Profile of U.S. Industry and Market, 2011-2015

There is little publicly available information on the industry actively engaged in the production of certain hats in the United States (table 8.3). The Commission identified less than 100 companies or millineries exclusively producing hats in the United States, although there may be additional apparel or accessory firms that produce hats in addition to other items in their product lines. The vast majority of U.S.-produced hats fall into one the following categories: cowboy or western hats, fashion hats, higher-end luxury or custom hats, beanies and baseball-style caps (many of which are customized for sports teams and corporations), and specialty hats (medical, industrial, etc.). U.S. firms also produce uniform hats for law enforcement, the postal service, the U.S. military and other public sector customers; some of these firms likely produce under the Berry Amendment.¹⁴³ Imports account for the majority of U.S. consumption of certain hats.

There appears to be little to no U.S. production of hats similar to the items currently imported from Nepal.¹⁴⁴ Importers of Nepali products further state that the items they import from Nepal are unique and do not compete with U.S.-made goods.¹⁴⁵

¹⁴³ See footnote 15, pg. 7.

¹⁴⁴ Industry representative, telephone interview by USITC staff, April 27, 2016.

¹⁴⁵ Ganesh Himal, written submission to the USITC, May 26, 2016, 2; USITC, hearing transcript, June 9, 2016, 83 (testimony of Mac McCoy, dZi Inc.); USITC, hearing transcript, June 9, 2016, 85 (testimony of Rishi Punnakhar Dhakal, Rising International, Inc.).

Table 8.3: Certain hats (HTS subheadings 6504.00.90, 6505.00.08, 6505.00.15, 6505.00.20, 6505.00.25, 6505.00.30, 6505.00.40, 6505.00.50, 6505.00.60, 6505.00.80, 6505.00.90, 6506.99.30, 6506.99.60): U.S. producers, employment, shipments, trade, consumption, import-to-consumption ratio, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (1,000 employees)	(^a)	(^a)	(^a)	(^a)	(^a)
Shipments (1,000 \$) ^b	104,859	99,179	117,755	124,434	**120,000
Exports (1,000 \$) ^c	38,477	41,764	46,041	54,653	53,114
Imports (1,000 \$)	1,386,337	1,335,556	1,298,890	1,440,070	1,636,719
Consumption (1,000 \$)	1,452,719	1,392,971	1,370,604	1,509,851	1,703,605
Import-to-consumption ratio (%)	95	96	95	95	96
Capacity utilization (%) ^d	64	72	71	68	75

Source: U.S. import and export data compiled from official statistics from the U.S. Department of Commerce.

Note: ** Based on USITC estimates.

^a Not available.

^b Shipment data based on U.S. Census Bureau, ASM, “Value of Product Shipments.” Data for 2012–14 are for NAICS code 3159901, hats and caps (fabric, straw, and felt), men's and boys', and NAICS code 3159903, hats and caps (fabric, straw, and felt), women's, girls', and infants'; data for 2011 are for NAICS code 3159912, hats and caps (fabric, straw, and felt), men's and boys' and NAICS code 3159915, hats and caps (fabric, straw, and felt), women's, girls', and infants'.

^c Commission research indicates that a substantial portion of U.S. exports are likely re-exports, including re-exports from U.S. distribution centers to other markets and promotional items (such as hats that are imported, customized with a company logo or other personalization, and re-exported to customers abroad). Therefore, U.S. production will account for only a small portion of these export data.

^d Estimates for capacity utilization based on U.S. Census Bureau, “Quarterly Survey of Plant Capacity Utilization Full Rates” for NAICS 3159, apparel accessories and other apparel.

U.S. Imports from Nepal and Industry in Nepal

U.S. imports of certain hats from Nepal totaled less than \$1.8 million in 2015, accounting for less than one-half of 1 percent of total imports of these products (table 8.4). According to witnesses at the Commission's hearing, hats currently imported from Nepal are handcrafted items made by small independent artisans and sold through online channels such as Etsy.¹⁴⁶

¹⁴⁶ Embassy of Nepal, written submission to the USITC, May 26, 2016, 17; USITC, hearing transcript, June 9, 2016, 24–25 (testimony of Marideth Sandler, Sandler Trade).

Table 8.4: Certain hats (HTS subheadings 6504.00.90, 6505.00.08, 6505.00.15, 6505.00.20, 6505.00.25, 6505.00.30, 6505.00.40, 6505.00.50, 6505.00.60, 6505.00.80, 6505.00.90, 6506.99.30, 6506.99.60): U.S. imports, U.S. imports from Nepal, Nepal share of total U.S. imports, and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. Imports	Imports from Nepal	Percent Share Nepal	Percent of U.S. consumption
Certain hats	1,636,719	1,765	(b)	(b)
6504.00.90	15,242	3	(b)	(b)
6505.00.08	19,375	(c)	(b)	(b)
6505.00.15	50,134	60	(b)	(b)
6505.00.20	328,796	5	(b)	(b)
6505.00.25	113,582	50	(b)	(b)
6505.00.30	31,680	1,438	4.5	(b)
6505.00.40	50,878	45	(b)	(b)
6505.00.50	26,669	43	(b)	(b)
6505.00.60	436,295	48	(b)	(b)
6505.00.80	517,031	0	0	(b)
6505.00.90	26,838	64	(b)	(b)
6506.99.30 ^a	5,852	0	0	(b)
6506.99.60 ^a	14,347	8	(b)	(b)

^a Eligible for preferential treatment under GSP.

^b Less than 0.5 percent.

^c Less than \$500.

U.S. imports of certain hats from Nepal declined 68 percent in 2015 from a high of over \$5.5 million in 2011. The majority of U.S. imports of certain hats from Nepal in 2015 (81 percent) were of wool hats knitted or crocheted to shape or made up of knitted or crocheted fabric (HTS subheading 6505.00.30). Nepal was the third-largest supplier of such hats to the United States in 2015 (accounting for just under 5 percent of imports), behind China (64 percent) and Italy (10 percent).¹⁴⁷ These are largely cold weather hats, including beanies and earflap hats, often adorned with tassels, braided ties, or pom-poms. The hats from Nepal are often marketed as “made in Nepal,” “Himalayan,” or fair trade items, and are described as hand-knit, hand-crocheted, artisan, or women-made. According to industry sources, woolen Nepali products are formed both from imported fibers (largely raw wool from Australia, New Zealand, and China) as well as domestically sourced fibers (Himalayan wool).¹⁴⁸ Many of these hand-crafted items also have “native unique designs” and creative patterns developed by the individual artisan.¹⁴⁹ According to industry sources, the hats imported from Nepal serve a niche market in the United States and are popular with U.S. consumers who enjoy handmade or craft

¹⁴⁷ USITC DataWeb/USDOC (accessed May 13, 2016).

¹⁴⁸ Nepali industry and government representatives, interview by USITC staff, Washington, DC, June 9, 2016; USITC, hearing transcript, June 9, 2016, 32–33 (testimony of Secretary Naindra Prasad Upadhaya, Government of Nepal); Embassy of Nepal, written submission to the USITC, June 17, 2016, 6.

¹⁴⁹ USITC, hearing transcript, June 9, 2016, 11 (testimony of Secretary Naindra Prasad Upadhaya, Government of Nepal); Embassy of Nepal, written submission to the USITC, June 17, 2016, 6.

items and are willing to pay a premium for products that are colorful, attractive, fair trade, or artisan goods.¹⁵⁰

Industry sources stated that the production processes performed in Nepal for hat production include yarn spinning, knitting/crocheting, cutting and sewing, and felting. Further, while there is reportedly some capacity for machine production of hats in Nepal, most hats currently produced in Nepal are made by hand.¹⁵¹ As with many of the handmade products sourced from Nepal, hats are largely made in small quantities by individuals (primarily women at home), cooperatives, or groups of small families that then deliver the hats to larger companies, or they are produced by small and medium-sized enterprises.¹⁵² There are an estimated 500 producers of hats in Nepal, employing 17,500 people; of those, 15,000 are estimated to be employed as individuals or cottage industry workers.¹⁵³

Production capacity for hats in Nepal is currently estimated at 2.5 million pieces; the Government of Nepal estimates that capacity could double, but only with additional capital investment in the industry.¹⁵⁴ Further, industry sources indicated that while Nepal could potentially develop other kinds of hats, such as baseball-style hats, cotton hats, or allo-fiber¹⁵⁵ (box 2.1) hats, the Nepali industry's specialty and strength lies in wool knitted and wool felted hats.¹⁵⁶ Although Nepali producers could change materials and designs, it may not be cost competitive for the industry to do so.¹⁵⁷ Also, industry representatives stated that Nepal is unlikely to enter the market for different styles and type of hats because Nepali producers would likely face strong competition from producers in other countries such as Bangladesh.¹⁵⁸

U.S. Imports

China was overwhelmingly the largest supplier of certain hats to the U.S. market in 2015 (table 8.5), accounting for 56 percent to 90 percent of total U.S. imports under each individual subheading (tables 8.6–8.18). Cumulatively, China accounted for 69 percent of total U.S. imports of the hats covered by this chapter in 2015, with Vietnam and Bangladesh accounting

¹⁵⁰ USITC, hearing transcript, June 9, 2016, 90, 105 (testimony of Mac McCoy, dZi Inc.); USITC, hearing transcript, June 9, 2016, 102, 110 (testimony of Rishi Punnakhar Dhakal, Rising International, Inc.).

¹⁵¹ Nepali industry and government representatives, interview by USITC staff, Washington, DC, June 9, 2016.

¹⁵² Nepali industry and government representatives, interview by USITC staff, Washington, DC, June 9, 2016; Embassy of Nepal, written submission to the USITC, May 26, 2016, 17.

¹⁵³ Embassy of Nepal, written submission to the USITC, May 26, 2016, 40.

¹⁵⁴ Ibid.

¹⁵⁵ See footnote 48, pg. 19.

¹⁵⁶ Nepali industry and government representatives, interview by USITC staff, Washington, DC, June 9, 2016.

¹⁵⁷ Ibid.

¹⁵⁸ Ibid.

for an additional 10 percent and 9 percent, respectively. By comparison, Nepal ranked 19th as a supplier to the United States of certain hats in 2015, accounting for less than one-half of 1 percent of total U.S. imports.¹⁵⁹

With respect to specific hat types, certain manmade fiber hats, not knitted or crocheted or made from knitted/crocheted fabric, not in part of braid (HTS subheading 6505.00.80) accounted for the largest share of total U.S. imports in 2015 at \$517 million or nearly 32 percent (table 8.15). Other major import products include certain manmade fiber hats, knitted or crocheted or made from knitted/crocheted fabric, not in part of braid (\$436 million) and certain certified hand-loomed and folk hats of cotton, flax, or both, not knitted (\$329 million) (tables 8.15 and 8.10, respectively). The aforementioned three products accounted for a cumulative 78 percent of total U.S. imports of the hats covered by this chapter in 2015.

Table 8.5: Certain hats: U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	988,763,117	968,936,662	916,802,626	995,521,136	1,134,087,484
Vietnam	114,763,289	110,472,327	120,954,252	137,834,098	169,588,387
Bangladesh	119,772,208	114,186,239	109,062,015	134,136,123	149,459,776
Taiwan	30,442,492	27,138,176	28,010,350	32,739,554	37,291,100
Mexico	16,758,445	18,974,269	20,290,438	28,170,609	31,683,846
Canada	21,161,330	16,883,795	17,027,155	21,044,638	18,283,519
Cambodia	8,573,567	9,085,028	16,169,181	14,820,366	14,739,781
Italy	11,887,804	10,884,269	11,263,676	12,090,921	12,979,752
Sri Lanka	11,018,327	8,895,225	7,275,362	8,329,274	9,264,914
Philippines	6,230,132	5,282,874	5,755,211	6,508,462	9,041,364
All other	56,966,236	44,816,901	46,279,305	48,874,833	50,299,572
Total	1,386,336,947	1,335,555,765	1,298,889,571	1,440,070,014	1,636,719,495
Nepal	5,546,504	2,782,890	1,230,614	1,804,183	1,764,890

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

¹⁵⁹ USITC DataWeb/USDOC (accessed June 13, 2016).

Table 8.6: Hats and headgear, plaited or assembled from strips of any material (other than vegetable fibers/unspun fibrous vegetable materials and/or paper yarn) (HTS subheading 6504.00.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	10,744,789	9,934,293	11,731,165	7,809,456	8,822,188
Mexico	2,076,223	4,011,145	3,766,716	4,000,635	4,188,027
Taiwan	1,357,918	1,223,208	899,453	881,908	804,778
Italy	183,268	246,872	350,998	403,240	335,766
United Kingdom	72,068	83,755	186,284	248,323	247,833
Vietnam	93,120	100,020	140,403	96,780	239,388
Peru	230,212	157,373	87,021	103,764	99,779
Pakistan	2,166	7,058	27,928	7,620	87,296
Hong Kong	8,746	44,403	25,276	43,891	52,116
Bangladesh	20,389	14,222	29,897	188,706	38,075
All other	393,179	370,925	313,915	440,682	327,022
Total	15,182,078	16,193,274	17,559,056	14,225,005	15,242,268
Nepal	705	4,459	333	6,968	3,434

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.7: Hats and headgear made from hat forms and hat bodies of 6501, except of fur felt, whether or not lined or trimmed (HTS subheading 6505.00.08): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	13,277,621	10,876,927	7,107,960	10,025,946	17,469,799
Mexico	2,634,398	1,029,763	927,765	1,069,569	789,547
Italy	644,015	748,066	456,259	322,141	419,132
United Kingdom	93,162	81,489	88,026	76,216	141,419
Sri Lanka	43,881	9,359	2,136	7,613	134,655
Canada	129,953	120,108	92,302	204,079	100,417
Ecuador	778	23,254	81,535	16,189	56,941
Russia	18,349	23,717	398	7,712	56,096
Peru	0	0	0	5,619	28,215
Vietnam	13,147	287	7,929	5,225	24,886
All other	155,008	161,097	156,409	135,634	154,229
Total	17,010,312	13,074,067	8,920,719	11,875,943	19,375,336
Nepal	25,128	2,342	3,838	711	424

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.8: Hats and headgear, of cotton and/or flax, knitted, whether or not lined or trimmed (HTS subheading 6505.00.15): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	37,982,141	37,420,230	34,176,387	34,274,625	36,804,670
India	2,719,008	1,668,061	1,976,368	2,581,259	3,086,605
Bangladesh	563,360	1,016,690	1,040,811	557,199	1,926,457
Sri Lanka	1,300,902	1,337,248	1,155,080	734,326	1,427,979
Thailand	1,217,698	1,595,379	2,590,696	1,693,555	1,134,238
Cambodia	106,672	32,938	52,532	748,212	1,015,103
Vietnam	390,297	721,455	459,192	800,609	680,279
Mexico	146,024	622,277	617,428	747,591	674,886
Taiwan	1,795,940	616,233	659,055	473,187	628,478
Peru	1,108,354	609,942	509,802	593,506	628,461
All other	3,049,991	2,969,628	2,419,891	2,590,169	2,126,514
Total	50,380,387	48,610,081	45,657,242	45,794,238	50,133,670
Nepal	68,888	92,143	29,246	61,591	60,238

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.9: Headwear, of cotton, not knitted; certified hand-loomed and folklore hats & headgear, of cotton or flax, not knitted, whether or not lined or trimmed (HTS subheading 6505.00.20): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	277,027,832	242,456,390	214,487,549	210,641,506	215,688,809
Bangladesh	44,389,653	38,576,552	39,729,855	49,595,263	51,093,226
Vietnam	36,771,209	29,741,260	29,770,811	32,560,303	34,764,189
Cambodia	6,330,107	5,787,220	12,701,483	10,424,813	9,937,585
Taiwan	6,584,875	4,177,634	4,320,939	4,731,020	4,297,596
Sri Lanka	5,066,560	3,292,964	2,495,881	3,085,168	3,128,035
Philippines	2,885,914	2,472,915	2,044,650	2,524,005	2,685,743
Mexico	3,144,565	2,095,143	1,764,000	1,905,452	2,432,868
Hong Kong	1,136,178	651,996	2,464,784	2,215,408	1,179,052
Canada	2,155,112	1,843,788	1,624,233	1,436,864	986,940
All other	6,523,641	3,230,979	2,663,413	2,018,095	2,601,717
Total	392,015,646	334,326,841	314,067,598	321,137,897	328,795,760
Nepal	2,633	21,817	1,455	6,077	5,423

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.10: Hats and headgear, of cotton or flax, not knitted, not certified hand-loomed folklore goods, whether or not lined or trimmed (HTS subheading 6505.00.25): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	66,430,873	84,319,974	79,243,519	78,897,832	82,654,825
Vietnam	3,299,420	6,878,395	8,884,277	10,886,663	11,588,429
Bangladesh	2,770,944	4,471,104	6,450,481	7,417,994	9,079,715
Taiwan	721,645	1,392,855	2,591,005	2,160,342	4,066,024
Philippines	161,808	92,424	99,411	105,527	1,111,601
Sri Lanka	426,353	811,993	756,461	577,868	945,039
Mexico	641,089	909,830	781,057	968,671	611,347
Hong Kong	125,633	1,264,169	1,168,392	554,390	459,428
Dominican Rep	377,840	385,653	437,451	404,780	436,809
Cambodia	794,566	816,267	356,561	666,878	391,898
All other	2,187,951	2,325,164	2,666,156	2,235,523	2,236,729
Total	77,938,122	103,667,828	103,434,771	104,876,468	113,581,844
Nepal	2,287	34,428	4,959	14,996	49,988

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.11: Hats and headgear, of wool, knitted or crocheted or made up from knitted or crocheted fabric, whether or not lined or trimmed (HTS subheading 6505.00.30): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	23,859,005	17,709,509	12,642,985	17,983,063	20,259,129
Italy	2,663,174	2,217,759	2,740,932	2,804,203	3,227,478
Nepal	4,337,874	2,270,106	1,016,997	1,450,474	1,437,933
Philippines	838,409	335,098	495,767	878,850	991,600
Canada	1,713,112	838,631	1,356,728	937,512	760,034
Vietnam	173,654	307,091	408,539	826,094	706,187
Spain	33,754	134,853	347,186	403,898	670,898
Peru	274,668	300,389	328,182	493,850	600,171
United Kingdom	461,080	356,606	426,410	485,427	508,959
Taiwan	397,522	344,651	340,611	339,320	383,689
All other	3,507,145	2,318,898	1,652,128	2,225,780	2,133,509
Total	38,259,397	27,133,591	21,756,465	28,828,471	31,679,587
Nepal	4,337,874	2,270,106	1,016,997	1,450,474	1,437,933

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.12: Hats and headgear, of wool, made up from felt or of textile material, not knitted or crocheted or made up from knitted or crocheted fabric, whether or not lined or trimmed (HTS subheading 6505.00.40): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	41,751,680	29,400,353	28,673,506	27,727,827	37,412,425
Mexico	108,389	1,676,402	2,081,321	2,027,792	3,201,329
Bangladesh	12,660,061	11,773,008	7,819,370	3,837,126	2,748,280
Vietnam	10,715,951	8,678,121	6,005,611	3,806,076	2,054,196
Italy	2,660,946	2,243,015	2,003,911	2,182,744	2,030,005
Canada	1,011,098	552,878	635,996	1,416,860	1,055,658
United Kingdom	239,899	397,327	323,316	403,449	440,498
Ireland	555,561	407,631	293,451	280,794	361,693
Sri Lanka	387,745	159,783	143,912	142,682	305,852
Estonia	656,501	57,356	396,304	600,640	215,801
All other	2,481,794	1,336,011	1,393,604	1,499,384	1,052,615
Total	73,229,625	56,681,885	49,770,302	43,925,374	50,878,352
Nepal	897,670	269,744	48,261	120,498	44,825

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.13: Hats and headgear, of man-made fibers, knitted or crocheted or made up from knitted or crocheted fabric, wholly or in part of braid, whether or not lined or trimmed (HTS subheading 6505.00.50): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	22,390,621	21,745,430	20,030,219	19,292,986	23,887,680
Taiwan	2,132,510	1,813,783	1,044,193	864,666	899,470
Vietnam	1,300,865	768,551	690,333	326,226	377,844
Canada	100,462	100,210	118,314	306,299	293,011
Italy	138,362	75,955	110,136	94,889	282,862
Bangladesh	88,707	101,650	284,817	600,695	193,327
Mexico	128,792	272,363	179,707	302,782	124,331
Indonesia	94,556	24,279	12,607	42,069	114,227
Sri Lanka	7,591	11,850	0	0	84,413
Germany	8,805	22,237	44,538	47,313	61,980
All other	774,712	2,051,917	1,686,859	275,140	349,837
Total	27,165,983	26,988,225	24,201,723	22,153,065	26,668,982
Nepal	1,751	980	0	446	43,011

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.14 Hats and headgear, of man-made fibers, knitted or crocheted or made up from knitted or crocheted fabrics, not in part of braid, whether or not lined or trimmed (HTS subheading 6505.00.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	263,849,039	245,486,359	249,974,313	294,729,452	344,539,041
Vietnam	12,706,731	23,058,107	21,892,838	19,782,926	27,182,998
Taiwan	14,026,226	13,361,219	12,728,630	16,554,299	19,487,837
Bangladesh	3,677,745	5,095,924	6,866,813	9,666,016	11,359,297
Canada	6,710,975	5,665,539	5,878,401	8,730,932	8,222,535
Spain	3,557,201	1,453,135	2,822,602	4,760,628	5,205,634
South Korea	3,053,321	3,076,082	3,960,323	5,410,986	4,147,570
Mexico	2,407,035	2,409,062	1,420,448	2,207,531	2,510,703
Dominican Rep	2,719,778	2,266,957	2,836,804	2,421,271	2,444,526
Cambodia	952,605	1,077,105	1,889,195	2,195,231	2,390,208
All other	10,090,294	7,233,529	5,946,514	7,769,504	8,805,070
Total	323,750,950	310,183,018	316,216,881	374,228,776	436,295,419
Nepal	159,763	20,349	2,842	105,207	47,631

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.15: Hats and headgear, of man-made fibers, made up from felt or of textile material, whether or not lined or trimmed, not knitted or crocheted, not in part of braid (HTS subheading 6505.00.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	200,660,944	234,296,558	230,610,529	267,995,910	314,985,202
Vietnam	49,183,701	39,881,005	52,261,230	67,967,568	91,381,955
Bangladesh	55,401,330	52,778,846	46,738,227	62,165,953	72,762,693
Mexico	3,096,838	3,116,557	6,450,556	12,153,675	14,342,444
Taiwan	3,300,861	3,865,250	5,178,433	6,377,825	6,320,360
Canada	6,660,419	5,746,824	5,388,788	5,751,984	4,457,332
Philippines	1,046,964	1,081,276	1,592,695	1,474,527	2,600,602
Italy	2,117,032	1,706,123	1,836,485	1,463,073	1,655,875
Hong Kong	593,591	474,371	730,750	1,389,400	1,304,809
Sri Lanka	1,394,055	1,361,409	1,162,935	1,236,645	1,249,800
All other	7,372,149	7,749,750	5,850,881	4,350,558	5,970,131
Total	330,827,884	352,057,969	357,801,509	432,327,118	517,031,203
Nepal	422	395	88,541	738	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.16: Hats and headgear, of textile materials (other than of cotton, flax, wool or man-made fibers), whether or not lined or trimmed n.e.s.o.i. (HTS subheading 6505.00.90): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	18,806,955	22,888,612	17,742,836	15,387,987	19,946,816
Italy	550,222	669,231	887,742	1,092,138	1,060,302
Canada	829,376	726,962	654,190	742,166	769,744
Sri Lanka	8,599	54,105	501,573	1,129,604	696,578
Mexico	143,438	504,795	276,523	459,528	641,448
Peru	135,967	176,130	157,611	281,637	631,973
Vietnam	92,409	271,947	348,367	454,110	398,715
United Kingdom	74,294	214,574	220,867	314,893	365,350
France	202,615	341,592	504,914	295,681	347,777
Cambodia	0	10,213	16,489	87,640	245,316
All other	1,146,570	1,448,041	1,360,331	1,345,581	1,733,906
Total	21,990,445	27,306,202	22,671,443	21,590,965	26,837,925
Nepal	25,239	49,198	23,862	18,529	64,107

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.17: Headgear, not elsewhere specified or included, of furskin, whether or not lined or trimmed (HTS subheading 6506.99.30): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	5,655,370	4,601,229	3,215,842	3,396,816	3,608,371
Canada	1,328,712	688,379	673,997	903,713	1,071,420
Italy	304,270	381,149	201,511	334,938	343,410
France	16,335	73,148	149,921	133,073	238,267
Turkey	110,375	112,381	40,570	81,581	209,340
Sweden	340	1,380	335	80,110	75,714
Germany	7,423	9,831	19,738	39,460	67,324
United Kingdom	160,739	175,848	60,594	101,276	58,206
Peru	8,016	12,774	21,920	47,420	49,243
Taiwan	0	0	0	1,001	20,302
All other	134,897	83,324	108,955	75,793	110,635
Total	7,726,477	6,139,443	4,493,383	5,195,181	5,852,232
Nepal	400	701	0	0	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 8.18: Headgear (other than safety headgear), not elsewhere specified or included, of materials other than rubber, plastics, or furskins, whether or not lined or trimmed (HTS subheading 6506.99.60): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	6,326,247	7,800,798	7,165,816	7,357,730	8,008,529
Mexico	1,826,780	2,166,677	1,857,874	2,137,402	1,961,998
Italy	277,813	236,274	467,689	656,794	606,418
Pakistan	267,339	358,286	248,868	227,643	376,709
United Kingdom	75,952	175,486	116,302	222,060	352,736
Dominican Rep	372,276	340,592	318,863	200,801	347,047
India	229,861	226,053	213,799	438,554	342,039
Thailand	249,777	272,394	375,932	288,288	292,812
Australia	210,006	273,246	331,098	356,148	290,666
Colombia	194,386	158,022	211,761	210,740	256,207
All other	829,204	1,185,513	1,030,477	1,815,353	1,511,756
Total	10,859,641	13,193,341	12,338,479	13,911,513	14,346,917
Nepal	23,744	16,228	10,280	17,948	7,876

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Chapter 9

Certain Gloves

Table 9.1: Certain gloves

HTS subheading	Description	Col. 1 rate of duty as of January 1, 2016 (percent ad valorem equivalent)
4203.29.50	Gloves, mittens, and mitts of leather or composition leather, lined, for persons other than men	12.6
6216.00.80	Gloves, mittens, and mitts, not knitted or crocheted, of wool or fine animal hair	3.5

Description and uses. Gloves, mittens, and mitts cover the hand, contain separate sections or openings for fingers and/or thumbs, and are worn for protection against cold, heat, or injury, or as an apparel accessory.¹⁶⁰ These articles can be made of plastic, leather, composition leather, or fabric.¹⁶¹ Gloves have separate sections for each finger and the thumb. Mittens also cover the hand and wrist, and have a separate opening for the thumb and a larger one for the fingers. Mitts are a less common women’s dress glove that leaves fingers uncovered and must have a separation for the thumb.¹⁶² Certain gloves covered in this chapter include lined leather gloves for women and children, not of horse or cow leather,¹⁶³ both with and without fourchettes,¹⁶⁴ and gloves of woven or felted fine animal hair, either lined or unlined.¹⁶⁵

¹⁶⁰ CBP, *What Every Member of the Trade Community Should Know*, May 2008.

¹⁶¹ See footnote 8, pg. 6.

¹⁶² CBP, *What Every Member of the Trade Community Should Know*, May 2008.

¹⁶³ Such gloves could be made of leather of buffalo, calf, goat, sheep, or lamb hides. According to Nepali industry representatives, buffalo leather is the most common type used to produce gloves in that country. Nepali industry representatives, interview by USITC staff, June 9, 2016.

¹⁶⁴ A fourchette is the strip or shaped piece of fabric or leather used for the sides of the fingers of a glove. CBP, *What Every Member of the Trade Community Should Know*, May 2008.

¹⁶⁵ U.S. government official, email message to USITC staff, May 12, 2016.

Advice

* * * * *

Profile of U.S. Industry and Market, 2011–15

There is little publicly available information on U.S. production of gloves. However, the Commission identified approximately 16 producers actively engaged in the production of gloves in the United States.¹⁶⁶ The U.S. industry manufacturing gloves appears focused on higher-value niche products, such as safety and protection products, or specialty fashion items. Some of these firms produce for the U.S. military under the Berry Amendment.¹⁶⁷ U.S. shipments of gloves and mittens totaled \$81.2 million in 2014, the most recent year available.¹⁶⁸ However, products covered in this chapter are estimated to account for a small share of this broader category. The estimated market for these goods was \$36 million in 2015 (table 9.3). Imports fulfill the majority of domestic demand for these products.¹⁶⁹

¹⁶⁶ For examples of some of the types of gloves produced domestically, see Beekay Parade Equipment Co., Inc. website, <http://www.beekay.com/>; Gehring-Tricot Corp. website, <http://www.gehring-tricot.com/>; Look at Me Designs website, <http://www.lookatmedesigns.com/>; Masley Enterprises website, <http://www.militarygloves.com/>; Schaeffer Outfitter website, <http://www.schaeffer-ranchwear.com/>; Sullivan Glove Company website, <http://www.sullivanglove.com/>; Carolina Glove website, <http://www.carolinaglove.com/index.html>; HotStuff Chef website, <http://hotstuffchef.com/>; and Newberry Knitting website, <http://newberryknitting.com/> (all accessed July 6, 2016).

¹⁶⁷ U.S. industry representative, email message to USITC staff, May 24, 2016. See additional information on the Berry Amendment in footnote 8, pg. 6.

¹⁶⁸ Total U.S. production of gloves and mittens under NAICS classification 3159907. This NAICS code does not include athletic gloves. U.S. Census Bureau, *Annual Survey of Manufactures (ASM)* (accessed May 16, 2016).

¹⁶⁹ U.S. industry representative, telephone interview with USITC staff, June 1, 2016.

Table 9.3 Certain gloves (HTS subheadings 4203.29.50 and 6216.00.80): U.S. producers, employment, shipment, trade, consumption, import-to-consumption ratio, and capacity utilization, 2011–15

Item	2011	2012	2013	2014	2015
Producers (number)	(^a)	(^a)	(^a)	(^a)	(^a)
Employment (1,000 employees)	(^a)	(^a)	(^a)	(^a)	(^a)
Shipments (1,000 \$)	(^a)	**2,828	**2,508	**2,436	**2,263
Exports (1,000 \$) ^b	**1,677	**1,873	**1,523	**1,560	**1,701
Imports (1,000 \$)	44,539	43,866	39,765	36,793	35,548
Consumption (1,000 \$)	(^a)	**44,821	**40,750	**37,669	**36,110
Import-to-consumption ratio (%)	(^a)	98	98	98	98
Capacity utilization (%) ^c	64	72	71	68	75

Source: U.S. import and export data compiled from official statistics from the U.S. Department of Commerce. Data on production based on USITC estimates.

Note: ** Based on USITC estimates.

^a Not available.

^b Exports likely contain re-exports, and therefore U.S. domestic shipments will account for only a small portion of these export data. Certain leather gloves under subheading 4203.29.50 accounted for 95 percent of U.S. exports in 2015.

^c Estimates for capacity utilization based on U.S. Census, “Quarterly Survey of Plant Capacity Utilization Full Rates” for NAICS 3159—apparel accessories and other apparel.

U.S. Imports from Nepal and Industry in Nepal

U.S. imports of certain gloves from Nepal totaled \$59,335 or 0.2 percent of total U.S. imports of these products in 2015. They comprised only gloves, mittens, and mitts, not knitted or crocheted, of wool or fine animal hair (HTS subheading 6216.00.80) (table 9.4). In 2015, there were no reported U.S. imports of certain leather gloves classified under subheading 4203.29.50 from Nepal. For certain gloves of woven or felted fine animal hair classified under subheading 6216.00.80, Nepal had a 6 percent share of total U.S. imports in 2015.¹⁷⁰

Few data are publicly available on the glove industry in Nepal. The Government of Nepal estimates there are currently 100 producers of gloves in that country employing roughly 17,000 workers, the majority of whom work individually or in cottage industries.¹⁷¹ According to Nepali industry representatives, the industry is characterized by small-scale handicraft production.¹⁷² The majority of gloves produced in Nepal are knit products, which are not eligible for duty-free preferences under the new program for Nepal.¹⁷³

¹⁷⁰ See text box on felt production in chapter 2.

¹⁷¹ Embassy of Nepal, written submission to the USITC, June 13, 2016, 40.

¹⁷² Nepali industry representatives, interview by USITC staff, June 9, 2016.

¹⁷³ Ibid.

Table 9.4: Certain gloves (HTS subheadings 4203.29.50 and 6216.00.80): U.S. imports, U.S. imports from Nepal, Nepal share of total U.S. imports, and share of U.S. consumption, 2015 (thousand dollars)

Item	U.S. imports	Imports from Nepal	Percent share Nepal	Percent of U.S. consumption
Certain gloves	35,548	59	(a)	(a)
4203.29.50	34,577	0	(a)	(a)
6216.00.80	971	59	6.0	(a)

^a Less than 0.5 percent.

U.S. Imports

U.S. imports of certain gloves totaled \$36 million in 2015, a decrease of 3 percent from 2014 (table 9.5). China was the primary supplier of certain gloves in each of the HTS subheadings, and accounted for 57 percent of total U.S. imports of the products in 2015 (tables 9.5–9.7). The Philippines was the second-largest supplier of certain gloves, which mostly consisted of leather gloves. Certain leather gloves classified under HTS subheading 4203.29.50 accounted for the majority of imports in this chapter in 2015, or 97 percent.

Table 9.5: Certain gloves (HTS subheadings 4203.29.50 and 6216.00.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	26,204,737	28,150,950	23,632,045	22,819,937	20,333,687
Philippines	7,432,802	7,917,248	6,492,469	4,882,153	5,998,161
Italy	4,838,543	4,037,898	3,130,702	2,783,737	2,772,267
Pakistan	410,093	745,275	1,123,790	1,095,143	2,370,848
India	2,390,055	1,373,679	2,198,674	2,501,214	1,975,125
France	472,778	679,580	596,270	537,507	545,433
Vietnam	66,980	85,027	219,444	492,751	443,979
Cambodia	0	0	0	359,712	213,898
Indonesia	649,505	127,227	760,120	388,052	204,535
United Kingdom	111,853	136,482	111,435	172,973	180,006
All other	1,962,034	612,806	1,499,635	759,968	509,832
Total	44,539,380	43,866,172	39,764,584	36,793,147	35,547,771
Nepal	81,762	72,739	46,470	103,923	59,355

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 9.6: Gloves, mittens, and mitts of leather or composition leather, lined, for persons other than men (HTS subheading 4203.29.50): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	25,968,947	27,929,887	22,697,497	22,274,495	19,781,957
Philippines	7,427,872	7,910,245	6,487,011	4,881,827	5,983,209
Italy	4,677,049	3,865,677	2,924,408	2,579,916	2,532,936
Pakistan	402,481	709,574	1,101,672	1,088,743	2,348,780
India	2,385,499	1,371,539	2,198,289	2,501,214	1,974,609
France	468,032	668,543	594,071	535,535	545,433
Vietnam	64,228	82,893	207,829	491,411	443,979
Cambodia	0	0	0	352,212	213,898
Indonesia	649,060	113,078	526,308	383,161	204,206
United Kingdom	98,514	119,047	104,477	165,184	168,319
All other	1,553,577	407,349	1,220,150	613,335	379,702
Total	43,695,259	43,177,832	38,061,712	35,867,033	34,577,028
Nepal	0	0	0	47,655	0

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

Table 9.7: Gloves, mittens, and mitts, not knitted or crocheted, of wool or fine animal hair (HTS subheading 6216.00.80): U.S. imports for consumption by principal sources, 2011–15 (dollars)

Country	2011	2012	2013	2014	2015
China	235,790	221,063	934,548	545,442	551,730
Italy	161,494	172,221	206,294	203,821	239,331
Nepal	81,762	72,739	46,470	56,268	59,355
Peru	21,909	11,659	27,751	7,000	31,650
Pakistan	7,612	35,701	22,118	6,400	22,068
Philippines	4,930	7,003	5,458	326	14,952
United Kingdom	13,339	17,435	6,958	7,789	11,687
Japan	6,963	11,748	5,400	3,778	7,148
Austria	0	0	0	2,170	5,260
Sri Lanka	37,295	0	112,047	3,489	4,590
All other	273,027	138,771	335,828	89,631	22,972
Total	844,121	688,340	1,702,872	926,114	970,743
Nepal	81,762	72,739	46,470	56,268	59,355

Source: Compiled from official statistics of the U.S. Department of Commerce (accessed April 22, 2016).

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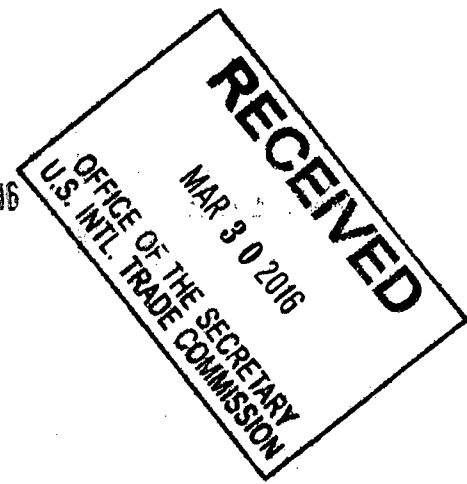
Appendix A

Request Letter

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20502

The Honorable Meredith Broadbent
Chairman
United States International Trade Commission
500 E Street, S.W.
Washington, D.C. 20436

DOCKET NUMBER 3132 MAR 28 2016
Office of the Secretary Int'l Trade Commission



Dear Chairman Broadbent:

On February 24, 2016, the President signed the Trade Facilitation and Trade Enforcement Act of 2015 (the Act) into law. Among other provisions, the Act authorizes the President to provide preferential treatment to certain articles (66 eight-digit textile and apparel tariff lines) from Nepal. The Act requires the President to determine whether these articles are import-sensitive when imported from Nepal, after receiving advice from the United States International Trade Commission ("USITC").

Therefore, under authority delegated to me and in accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the Trade Act of 1974, as amended ("the 1974 Act"), I hereby notify the Commission that the articles identified in Table A of the enclosed Annex are being considered for designation as eligible articles for purposes of the Act.

I request that the Commission provide its advice as to whether these articles are import-sensitive in the context of imports from Nepal. This advice should include the probable economic effect on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties on the articles in Table A for Nepal.

To the extent possible, I would appreciate it if the probable economic effect advice, as well as U.S. import data, and to the extent available, U.S. export data is provided separately and individually for each U.S. Harmonized Tariff Schedule subheading for all products subject to this request.

In accordance with USTR policy on implementing Executive Order 13526, as amended, I direct you to mark or identify as "Confidential," for a period of ten years, such portions of the Commission's report and its working papers that contain the Commission's advice and assessment of probable economic effects on domestic industries producing like or directly competitive articles, on U.S. imports, and on U.S. consumers. Consistent with the Executive Order, this information is being classified on the basis that it concerns economic matters relating to the national security. In addition, USTR considers the Commission's report to be an inter-agency memorandum that will contain pre-decisional advice and be subject to the deliberative process privilege.

I request that you submit an outline of this report as soon as possible to enable USTR officials to provide you with further guidance on its classification, including the extent to which portions of the report will require classification and for how long. Based on this outline, an

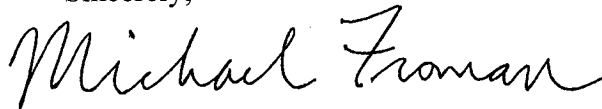
EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

appropriate USTR official will provide you with written instructions. All confidential business information contained in the report should also be clearly identified.

I would greatly appreciate if the requested advice, including those portions indicated as "Confidential" be provided to my Office by no later than six months from receipt of this letter. Once the Commission's confidential report is provided to my Office, and we review and approve the classification marking, the Commission should issue, as soon as possible thereafter, a public version of the report containing only the unclassified information, with any confidential business information deleted.

The Commission's assistance in this matter is greatly appreciated.

Sincerely,

A handwritten signature in black ink that reads "Michael Froman". The signature is written in a cursive, flowing style.

Ambassador Michael B. G. Froman

ANNEX

Products are listed by Harmonized Tariff Schedule of the United States (HTS) subheadings. The product descriptions in this list are for informational purposes only; the definitive tariff nomenclature for the products listed below can be found in the HTS. The descriptions below are not intended to delimit in any way the scope of the relevant subheadings. The HTS may be viewed at <http://www.usitc.gov/tata/hts/bychapter/index.htm>

Table A: Products being considered for designation as eligible products for Nepal

HTS Subheading	<u>Brief Description</u>
4202.11.00	Trunks, suitcases, vanity & all other cases, occupational luggage & like containers, surface of leather, composition or patent leather
4202.12.20	Trunks, suitcases, vanity and attaché cases, occupational luggage and similar containers, with outer surface of plastics
4202.12.40	Trunks, suitcases, vanity & attaché cases, occupational luggage & like containers, surfaces of cotton, not of pile or tufted construction
4202.12.60	Trunks, suitcases, vanity & attaché cases, occupational luggage & like containers, w outer surface of veg. fibers, excl. cotton
4202.12.80	Trunks, suitcases, vanity & attaché cases, occupational luggage and similar containers, with outer surface of textile materials nesi
4202.21.60	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, n/o \$ ea.
4202.21.90	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, over \$ ea.
4202.22.15	Handbags, with or without shoulder straps or without handle, with outer surface of sheeting of plastics
4202.22.40	Handbags with or without shoulder strap or without handle, with outer surface of textile materials, wholly or in part of braid, nesi
4202.22.45	Handbags with or without shoulder strap or without handle, with outer surface of cotton, not of pile or tufted construction or braid
4202.22.60	Handbags with or w/o shoulder strap or w/o handle, outer surface of veg. fibers, exc. cotton, not of pile or tufted construction or braid
4202.22.70	Handbags with or w/o shoulder strap or w/o handle, with outer surface containing % or more of silk, not braided
4202.22.80	Handbags with or without shoulder strap or without handle, with outer surface of textile materials, nesi
4202.29.50	Handbags w. or w/o shld. strap or w/o handle of mat. (o/t leather, shtng. of plas., tex. mat., vul. fib. or paperbd.), pap.cov., of mat. nesi
4202.29.90	Handbags with or without shoulder straps or without handle, with outer surface of vulcanized fiber or of paperboard, not covered with paper

HTS Subheading	<u>Brief Description</u>
4202.31.60	Articles of a kind normally carried in the pocket or handbag, with outer surface of leather, composition or patent leather, nesi
4202.32.40	Articles of a kind normally carried in the pocket or handbag, with outer surface of cotton, not of pile or tufted construction
4202.32.80	Articles of a kind normally carried in the pocket or handbag, with outer surface of vegetable fibers, not of pile or tufted construction, nesi
4202.32.95	Articles of a kind normally carried in the pocket or handbag, with outer surface of textile materials, nesi
4202.91.00	Cases, bags and containers nesi, with outer surface of leather, of composition leather or patent leather
4202.92.08	Insulated food or beverage bags with outer surface of textile materials, nesoi
4202.92.15	Travel, sports and similar bags with outer surface of cotton, not of pile or tufted construction
4202.92.20	Travel, sports and similar bags with outer surface of vegetable fibers, excl. cotton, not of pile construction
4202.92.30	Travel, sports and similar bags with outer surface of textile materials other than of vegetable fibers
4202.92.45	Travel, sports and similar bags with outer surface of plastic sheeting
4202.92.60	Bags, cases and similar containers, nesi, with outer surface of cotton
4202.92.90	Bags, cases and similar containers nesi, with outer surface of plastic sheeting or of textile materials, excl. cotton
4202.99.90	Cases, bags and similar containers, nesi, with outer surface of vulcanized fiber or of paperboard
4203.29.50	Gloves, mittens and mitts of leather or composition leather, nesi, lined, for persons other than men
5701.10.90	Carpets and other textile floor coverings, of wool or fine animal hair, not hand-hooked, not hand knotted during weaving
5702.31.20	Carpets and other textile floor coverings of pile construction, woven, not tufted or flocked, not made up, of wool/fine animal hair, nesoi
5702.49.20	Carpets & other textile floor coverings of pile construction, woven, not tufted or flocked, made up, of other textile materials nesoi
5702.50.40	Carpets & other textile floor coverings, not of pile construction, woven, not made up, of wool or fine animal hair, nesoi
5702.50.59	Carpets & other textile floor coverings, not of pile construction, woven, not made up, of other textile materials nesoi
5702.91.30	Floor coverings, not of pile construction, woven not on power-driven loom, made up, of wool or fine animal hair, nesi
5702.91.40	Carpets & other textile floor coverings, not of pile construction, woven nesoi, made up, of wool or fine animal hair, nesoi
5702.92.90	Carpet & other textile floor coverings, not of pile construction, woven, made up, of man-made textile materials, nesi
5702.99.15	Carpets and other textile floor coverings, not of pile construction, woven, made up, of cotton, nesoi
5703.10.20	Hand-hooked carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair

HTS Subheading	<u>Brief Description</u>
5703.10.80	Carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair, nesoi
5703.90.00	Carpets and other textile floor coverings, tufted, whether or not made up, of other textile materials nesoi
5705.00.20	Carpets and other textile floor coverings, whether or not made up, nesoi
6117.10.60	Shawls, scarves, mufflers, mantillas, veils and the like, nesoi
6117.80.85	Headbands, ponytail holders & similar articles, of textile materials other than containing % or more by weight of silk, knitted/crocheted
6214.10.10	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing % or more silk or silk waste
6214.10.20	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing less than % silk or silk waste
6214.20.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of wool or fine animal hair
6214.40.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of artificial fibers
6214.90.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of textile materials nesoi
6216.00.80	Gloves, mittens and mitts, not knitted or crocheted, of wool or fine animal hair, nesoi
6217.10.85	Headbands, ponytail holders and similar articles, of textile materials containing < % by weight of silk, not knit/crochet
6301.90.00	Blankets and traveling rugs, nesoi
6308.00.00	Needlecraft sets for making up into rugs, etc., consist of woven fabric and yarn, whether/not w/accessories, put up packings for retail sale
6504.00.90	Hats and headgear, plaited or assembled from strips of any material (o/than veg. fibers/unspun fibrous veg. materials and/or paper yarn)
6505.00.08	Hats and headgear made from hat forms and hat bodies of , except of fur felt
6505.00.15	Hats and headgear, of cotton and/or flax, knitted
6505.00.20	Headwear, of cotton, not knitted; certified hand-loomed and folklore hats & headgear, of cotton or flax, not knitted
6505.00.25	Hats and headgear, of cotton or flax, not knitted, not certified hand-loomed folklore goods
6505.00.30	Hats and headgear, of wool, knitted or crocheted or made up from knitted or crocheted fabric
6505.00.40	Hats and headgear, of wool, made up from felt or of textile material, not knitted or crocheted or made up from knitted or crocheted fabric
6505.00.50	Hats and headgear, of man-made fibers, knitted or crocheted or made up from knitted or crocheted fabric, wholly or in part of braid
6505.00.60	Hats and headgear, of man-made fibers, knitted or crocheted or made up from knitted or crocheted fabrics, not in part of braid
6505.00.80	Hats and headgear, of man-made fibers, made up from felt or of textile material, not knitted or crocheted, not in part of braid
6505.00.90	Hats and headgear, of textile materials (other than of cotton, flax, wool or man-made fibers), nesoi
6506.99.30	Headgear, nesoi, of furskin, whether or not lined or trimmed

HTS Subheading	<u>Brief Description</u>
6506.99.60	Headgear (other than safety headgear), nesoi, of materials other than rubber, plastics, or furskins, whether or not lined or trimmed

Appendix B

Federal Register Notice

directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. See 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.⁵

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and of sections 201.10 and 210.8(c) of the Commission's Rules of Practice and Procedure (19 CFR 201.10, 210.8(c)).

By order of the Commission.

Issued: April 15, 2016.

Lisa R. Barton,

Secretary to the Commission.

[FR Doc. 2016-09223 Filed 4-20-16; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

[Investigation No. 332-558]

Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive

AGENCY: United States International Trade Commission.

ACTION: Notice of institution of investigation and scheduling of public hearing.

SUMMARY: Following receipt of a request on March 30, 2016 from the United States Trade Representative (USTR), the U.S. International Trade Commission (Commission) instituted investigation No. 332-558, *Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive*. The report

will provide the advice requested by the USTR.

DATES:

May 23, 2016: Deadline for filing requests to appear at the public hearing.

May 25, 2016: Deadline for filing pre-hearing briefs and statements.

June 9, 2016: Public hearing.

June 14, 2016: Deadline for filing post-hearing briefs and statements.

June 24, 2016: Deadline for filing all other written submissions.

September 29, 2016: Transmittal of Commission report to the USTR.

ADDRESSES: All Commission offices, including the Commission's hearing rooms, are located in the United States International Trade Commission Building, 500 E Street SW., Washington, DC. All written submissions should be addressed to the Secretary, United States International Trade Commission, 500 E Street SW., Washington, DC 20436. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS) at <http://www.usitc.gov/secretary/edis.htm>.

FOR FURTHER INFORMATION CONTACT:

Information specific to this investigation may be obtained from Andrea Boron, Project Leader, Office of Industries (202-205-3433 or andrea.boron@usitc.gov), or Natalie Hanson, Deputy Project Leader, Office of Industries (202-205-2571 or natalie.hanson@usitc.gov). For information on the legal aspects of this investigation, contact William Gearhart of the Commission's Office of the General Counsel (202-205-3091 or william.gearhart@usitc.gov). The media should contact Margaret O'Laughlin, Office of External Relations (202-205-1819 or margaret.olaughlin@usitc.gov). Hearing-impaired individuals may obtain information on this matter by contacting the Commission's TDD terminal at 202-205-1810. General

information concerning the Commission may also be obtained by accessing its Web site (<http://www.usitc.gov>). Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

Background: As noted by the USTR in his request letter, on February 24, 2016, the President signed the Trade Facilitation and Trade Enforcement Act of 2015 (the Act) (Pub. L. 114-125) into law. Section 915 of the Act authorizes the President to establish a trade preference program for Nepal. Prior to determining whether an article is an eligible article for the purposes of the Act, the President is required to receive the advice of the Commission, in accordance with section 503(e) of the Trade Act of 1974 (the 1974 Act) (19 U.S.C. 2463(e)), that the article is not import-sensitive in the context of imports from Nepal.

In his request letter the USTR notified the Commission, under authority delegated to him in accordance with sections 503(a)(1)(A), 503(e), and 131(a) of the 1974 Act, as amended (19 U.S.C. 2463(a)(1)(A), 2463(e), and 2151(a)), that the 66 eight-digit textile and apparel tariff lines identified in Table A of the Annex to his request letter are being considered for designation as eligible articles for purposes of the Act. The USTR requested that the Commission provide its advice as to whether these articles are import-sensitive in the context of imports from Nepal. He asked that this advice include the probable economic effect on total U.S. imports, on U.S. industries producing like or directly competitive articles, and on U.S. consumers of the elimination of U.S. import duties for Nepal on the articles identified in Table A of the Annex to his request letter (see Table A below).

TABLE A—PRODUCTS BEING CONSIDERED FOR DESIGNATION AS ELIGIBLE PRODUCTS FOR NEPAL

HTS subheading	Brief description
4202.11.00	Trunks, suitcases, vanity & all other cases, occupational luggage & like containers, surface of leather, composition or patent leather.
4202.12.20	Trunks, suitcases, vanity and attaché cases, occupational luggage and similar containers, with outer surface of plastics.
4202.12.40	Trunks, suitcases, vanity & attaché cases, occupational luggage & like containers, surfaces of cotton, not of pile or tufted construction.
4202.12.60	Trunks, suitcases, vanity & attaché cases, occupational luggage & like containers, w outer surface of veg. fibers, excl. cotton.
4202.12.80	Trunks, suitcases, vanity & attaché cases, occupational luggage and similar containers, with outer surface of textile materials nesi.
4202.21.60	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, n/o \$ ea.
4202.21.90	Handbags, with or without shoulder strap or without handle, with outer surface of leather, composition or patent leather, nesi, over \$ ea.
4202.22.15	Handbags, with or without shoulder straps or without handle, with outer surface of sheeting of plastics.

⁵ Electronic Document Information System (EDIS): <http://edis.usitc.gov>.

TABLE A—PRODUCTS BEING CONSIDERED FOR DESIGNATION AS ELIGIBLE PRODUCTS FOR NEPAL—Continued

HTS subheading	Brief description
4202.22.40	Handbags with or without shoulder strap or without handle, with outer surface of textile materials, wholly or in part of braid, nesi.
4202.22.45	Handbags with or without shoulder strap or without handle, with outer surface of cotton, not of pile or tufted construction or braid.
4202.22.60	Handbags with or w/o shoulder strap or w/o handle, outer surface of veg. fibers, exc. cotton, not of pile or tufted construction or braid.
4202.22.70	Handbags with or w/o shoulder strap or w/o handle, with outer surface containing % or more of silk, not braided.
4202.22.80	Handbags with or without shoulder strap or without handle, with outer surface of textile materials, nesi.
4202.29.50	Handbags w. or w/o shld. strap or w/o handle of mat. (o/t leather, shtng. of plas., tex. mat., vul. fib. or paperbd.), pap.cov., of mat. nesi.
4202.29.90	Handbags with or without shoulder straps or without handle, with outer surface of vulcanized fiber or of paperboard, not covered with paper.
4202.31.60	Articles of a kind normally carried in the pocket or handbag, with outer surface of leather, composition or patent leather, nesi.
4202.32.40	Articles of a kind normally carried in the pocket or handbag, with outer surface of cotton, not of pile or tufted construction.
4202.32.80	Articles of a kind normally carried in the pocket or handbag, with outer surface of vegetable fibers, not of pile or tufted construction, nesi.
4202.32.95	Articles of a kind normally carried in the pocket or handbag, with outer surface of textile materials, nesi.
4202.91.00	Cases, bags and containers nesi, with outer surface of leather, of composition leather or patent leather.
4202.92.08	Insulated food or beverage bags with outer surface of textile materials, nesoi.
4202.92.15	Travel, sports and similar bags with outer surface of cotton, not of pile or tufted construction.
4202.92.20	Travel, sports and similar bags with outer surface of vegetable fibers, excl. cotton, not of pile construction.
4202.92.30	Travel, sports and similar bags with outer surface of textile materials other than of vegetable fibers.
4202.92.45	Travel, sports and similar bags with outer surface of plastic sheeting.
4202.92.60	Bags, cases and similar containers, nesi, with outer surface of cotton.
4202.92.90	Bags, cases and similar containers nesi, with outer surface of plastic sheeting or of textile materials, excl. cotton.
4202.99.90	Cases, bags and similar containers, nesi, with outer surface of vulcanized fiber or of paperboard.
4203.29.50	Gloves, mittens and mitts of leather or composition leather, nesi, lined, for persons other than men.
5701.10.90	Carpets and other textile floor coverings, of wool or fine animal hair, not hand-hooked, not hand knotted during weaving.
5702.31.20	Carpets and other textile floor coverings of pile construction, woven, not tufted or flocked, not made up, of wool/fine animal hair, nesoi.
5702.49.20	Carpets & other textile floor coverings of pile construction, woven, not tufted or flocked, made up, of other textile materials nesoi.
5702.50.40	Carpets & other textile floor coverings, not of pile construction, woven, not made up, of wool or fine animal hair, nesoi.
5702.50.59	Carpets & other textile floor coverings, not of pile construction, woven, not made up, of other textile materials nesoi.
5702.91.30	Floor coverings, not of pile construction, woven not on power-driven loom, made up, of wool or fine animal hair, nesi.
5702.91.40	Carpets & other textile floor coverings, not of pile construction, woven nesoi, made up, of wool or fine animal hair, nesoi.
5702.92.90	Carpet & other textile floor coverings, not of pile construction, woven, made up, of man-made textile materials, nesi.
5702.99.15	Carpets and other textile floor coverings, not of pile construction, woven, made up, of cotton, nesoi.
5703.10.20	Hand-hooked carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair.
5703.10.80	Carpets and other textile floor coverings, tufted, whether or not made up, of wool or fine animal hair, nesoi.
5703.90.00	Carpets and other textile floor coverings, tufted, whether or not made up, of other textile materials nesoi.
5705.00.20	Carpets and other textile floor coverings, whether or not made up, nesoi.
6117.10.60	Shawls, scarves, mufflers, mantillas, veils and the like, nesoi.
6117.80.85	Headbands, ponytail holders & similar articles, of textile materials other than containing % or more by weight of silk, knitted/crocheted.
6214.10.10	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing % or more silk or silk waste.
6214.10.20	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, containing less than % silk or silk waste.
6214.20.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of wool or fine animal hair.
6214.40.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of artificial fibers.
6214.90.00	Shawls, scarves, mufflers, mantillas, veils and the like, not knitted or crocheted, of textile materials nesoi.
6216.00.80	Gloves, mittens and mitts, not knitted or crocheted, of wool or fine animal hair, nesoi.
6217.10.85	Headbands, ponytail holders and similar articles, of textile materials containing < % by weight of silk, not knit/crochet.
6301.90.00	Blankets and traveling rugs, nesoi.
6308.00.00	Needlecraft sets for making up into rugs, etc., consist of woven fabric and yarn, whether/not w/accessories, put up packings for retail sale.
6504.00.90	Hats and headgear, plaited or assembled from strips of any material (o/than veg. fibers/unspun fibrous veg. materials and/or paper yarn).
6505.00.08	Hats and headgear made from hat forms and hat bodies of, except of fur felt.
6505.00.15	Hats and headgear, of cotton and/or flax, knitted.
6505.00.20	Headwear, of cotton, not knitted; certified hand-loomed and folklore hats & headgear, of cotton or flax, not knitted.
6505.00.25	Hats and headgear, of cotton or flax, not knitted, not certified hand-loomed folklore goods.
6505.00.30	Hats and headgear, of wool, knitted or crocheted or made up from knitted or crocheted fabric.
6505.00.40	Hats and headgear, of wool, made up from felt or of textile material, not knitted or crocheted or made up from knitted or crocheted fabric.
6505.00.50	Hats and headgear, of man-made fibers, knitted or crocheted or made up from knitted or crocheted fabric, wholly or in part of braid.
6505.00.60	Hats and headgear, of man-made fibers, knitted or crocheted or made up from knitted or crocheted fabrics, not in part of braid.
6505.00.80	Hats and headgear, of man-made fibers, made up from felt or of textile material, not knitted or crocheted, not in part of braid.
6505.00.90	Hats and headgear, of textile materials (other than of cotton, flax, wool or man-made fibers), nesoi.
6506.99.30	Headgear, nesoi, of furskin, whether or not lined or trimmed.

TABLE A—PRODUCTS BEING CONSIDERED FOR DESIGNATION AS ELIGIBLE PRODUCTS FOR NEPAL—Continued

HTS subheading	Brief description
6506.99.60	Headgear (other than safety headgear), nesoi, of materials other than rubber, plastics, or furskins, whether or not lined or trimmed.

As requested, to the extent possible, the Commission will provide its advice and statistics separately and individually for each U.S. Harmonized Tariff Schedule subheading for all products subject to the request. The USTR indicated that those sections of the Commission's report and working papers that contain the Commission's advice and assessment will be classified as "confidential." The USTR also stated that his office considers the Commission's report to be an inter-agency memorandum that will contain pre-decisional advice and be subject to the deliberative process privilege.

The Commission has instituted the investigation under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) in order to facilitate the filing and inspection of written submissions and also to make the report a part of an established Commission reporting series. As requested by the USTR, the Commission will provide its report to the USTR containing the requested advice by September 29, 2016. The USTR asked that the Commission issue a public version of the report as soon as possible thereafter, containing only the unclassified information, with any confidential business information deleted.

Public Hearing: A public hearing in connection with this investigation will be held at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC, beginning at 9:30 a.m. on Thursday June 9, 2016. Requests to appear at the public hearing should be filed with the Secretary no later than 5:15 p.m., May 23, 2016. All pre-hearing briefs and statements should be filed no later than 5:15 p.m., May 25, 2016; and all post-hearing briefs and statements should be filed no later than 5:15 p.m., June 14, 2016. All requests to appear, and pre- and post-hearing briefs and statements should be filed by the above dates but otherwise in accordance with the requirements of the "written submissions" section below.

Written Submissions: In lieu of or in addition to appearing at the hearing, interested parties are invited to file written submissions concerning this investigation. All written submissions should be addressed to the Secretary. Except for requests to appear and pre- and post-hearing briefs, all written

submissions should be received not later than 5:15 p.m., June 24, 2016. All written submissions must conform to the provisions of section 201.8 of the Commission's Rules of Practice and Procedure (19 CFR 201.8). Section 201.8 and the Commission's *Handbook on Filing Procedures* require that interested parties file documents *electronically* on or before the filing deadline and submit eight (8) true paper copies by 12:00 p.m. eastern time on the next business day. In the event that confidential treatment of a document is requested, interested parties must file, at the same time as the eight paper copies, at least four (4) additional true paper copies in which the confidential information must be deleted (see the following paragraph for further information regarding confidential business information). Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202-205-1802).

Any submissions that contain confidential business information must also conform to the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). Section 201.6 of the rules requires that the cover of the document and the individual pages be clearly marked as to whether they are the "confidential" or "non-confidential" version, and that the confidential business information is clearly identified by means of brackets. All written submissions, except for confidential business information, will be made available for inspection by interested parties.

Disclosure of Confidential Business Information: The Commission may include some or all of the confidential business information submitted in the course of this investigation in the report it sends to the USTR. Additionally, all information, including confidential business information, submitted in this investigation may be disclosed to and used: (i) By the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C.

Appendix 3; or (ii) by U.S. government employees and contract personnel (a) for cybersecurity purposes or (b) in monitoring user activity on U.S. government classified networks. The Commission will not otherwise disclose any confidential business information in a manner that would reveal the operations of the firm supplying the information.

Summaries of Written Submissions: The Commission intends to publish summaries of the positions of interested persons. Persons wishing to have a summary of their position included in the report should include a summary with their written submission. The summary may not exceed 500 words, should be in MSWord format or a format that can be easily converted to MSWord, and should not include any confidential business information. The summary will be published as provided if it meets these requirements and is germane to the subject matter of the investigation. The Commission will identify the name of the organization furnishing the summary and will include a link to the Commission's Electronic Document Information System (EDIS) where the full written submission can be found.

By order of the Commission.

Issued: April 15, 2016.

Lisa R. Barton,

Secretary to the Commission.

[FR Doc. 2016-09182 Filed 4-20-16; 8:45 am]

BILLING CODE 7020-02-P

INTERNATIONAL TRADE COMMISSION

Notice of Receipt of Complaint; Solicitation of Comments Relating to the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has received a complaint entitled *Certain Sleep-Disordered Breathing Treatment Systems and Components Thereof DN 3140*; the Commission is soliciting comments on any public interest issues raised by the complaint or complainant's filing under section 210.8(b) of the Commission's

Appendix C

Calendar of Hearing Witnesses

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject: Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive

Inv. No.: 332-558

Date and Time: June 9, 2016 - 9:30 a.m.

Sessions were held in connection with this investigation in the Main Hearing Room (room 101), 500 E Street, S.W., Washington, DC.

EMBASSY AND FOREIGN GOVERNMENT WITNESSES:

**Embassy of Nepal
Washington, DC**

The Honorable Naindra Prasad Upadhaya, Secretary of Commerce

The Honorable Uttam Bhattarai, Secretary of Agriculture

His Excellency Dr. Arjun Kumar Karki, Ambassador of Nepal to the United States of America

Sishir Kumar Dhungana, Director General, Department of Customs

Rabi Shanker Sainju, Joint Secretary, Ministry of Commerce

Murari Gautam Upadhya, International Trade Development Adviser, Ministry of Commerce and Supplies

Kailash Raj Pokharel, Economic Counselor, Embassy of Nepal to the United States

Marideth Sandler, Consultant, Sandler Trade LLC

PANEL 1

ORGANIZATION AND WITNESS:

Garment Association Nepal (“GAN”)

Chandi Prasad Aryal, Acting President, GAN

Ashish Kumar Sengupta, Special Advisor, GAN

Parashu Nepal, International Development Institute

World Business Management and Consultant LLC (“WBMC LLC”)
Windsor, Mill, MD

Buddhi Prasad Regmi, Chairman

Sanjay Thapa, Member of Board of Director

PANEL 2

ORGANIZATION AND WITNESS:

dZi Inc.
Easthampton, MA

Mac McCoy, Chief Executive Officer

Rising International Inc.
El Monte, CA

Rishi Punnakhar Dhakal, President

Sandler Trade LLC
Washington, DC

Anna Rose Ott, Artisan and Small Business Specialist

-END-

Appendix D

Summary of the Views of Interested Parties

List of Interested Parties Providing Written Submissions

Interested parties had the opportunity to file written submissions to the Commission in the course of this investigation and to provide summaries of the positions expressed in the submissions for inclusion in this report. At this time, no written summaries have been filed. This appendix contains the names of interested parties who filed written submissions during investigation but did not provide written summaries.¹⁷⁴ A copy of each written submission is available in the Commission's Electronic Docket Information System (EDIS).¹⁷⁵ The Commission also held a public hearing in connection with this investigation on June 9, 2016. The full text of the transcript of the Commission's hearing is also available on EDIS.

Senator Dianne Feinstein

No written summary provided. Please see EDIS for full submission.

Congressman Ander Crenshaw

No written summary provided. Please see EDIS for full submission.

Government of Nepal

No written summary provided. Please see EDIS for full submission.

Ami Apparels Pvt. Ltd.

No written summary provided. Please see EDIS for full submission.

Central Carpet Industries Association, Nepal

No written summary provided. Please see EDIS for full submission.

Federation of Handicraft Associations of Nepal

No written summary provided. Please see EDIS for full submission.

¹⁷⁴ Though Tough Traveler Ltd. did not include a written summary, its statement was short enough to include in this appendix.

¹⁷⁵ Available online at <http://www.edis.ustic.gov>.

Federation of Nepal Chambers of Commerce and Industry

No written summary provided. Please see EDIS for full submission.

Felt Industries Association of Nepal

No written summary provided. Please see EDIS for full submission.

Garment Association of Nepal

No written summary provided. Please see EDIS for full submission.

Gypsy Rose Corp.

No written summary provided. Please see EDIS for full submission.

Tough Traveler Ltd.

Customs Tariffs Waivers remove opportunity for USA manufacturers and remove opportunities for the people of the USA. Lowering Customs Tariffs and/or Removing Customs Tariffs means:

Lost opportunities for USA manufacturers such as Tough Traveler and also lost to people of the USA and include:

- 1) lost employment of people in the USA
- 2) lost benefits of income taxes to the USA
- 3) lost resources for sales to other USA manufacturing companies for custom-made bags and packs (Tough Traveler sells to other USA companies as well as to USA agencies that need bags for sales people, packs for emergency & security personnel, etc.)
- 4) lost purchases that keep other USA companies in operation (such as USA equipment & textiles manufacturers such as webbing, cloth, etc. that provide raw materials for Tough Traveler and other US manufacturing companies)
- 5) lost resources for people that want to purchase USA-made items because they value USA-made quality, USA employment conditions, and USA environmental regulations (USA has valuable environmental regulations on water protection, etc.)

6) lost import taxes at Customs to fund Customs and Borders and to fund the USA Treasury (US Treasury funds the Highway Trust; note recent impending bankruptcy of Highway Trust and resultant emergency funding by US Congress)

7) lost skills and resources that would otherwise allow innovation and future possibilities for manufacturing when needed by the US

8) lost prestige and opportunities of USA for excellence and resources in manufacturing

Instead of waivers, US Customs Tariffs should be increased to allow manufacturing and benefits in the USA, as provided by the US Constitution establishing the right of Federal Customs tariffs, Alexander Hamilton as Secretary of Treasury, and the Tariff Act of 1789. Instead of having the vast number of imported products in the field of bags, packs, and similar come into the USA as made in countries that allow employment at wages far below USA wages and environmental conditions far below USA environmental conditions, Customs Tariffs for imported products from Nepal/other low-wage, low-environmental countries should be raised. There are many people in the USA who are without jobs and who want these textile jobs that should not be given away by the US government officials and government employees.

These imported products are purchased by USA importers and USA retailers and sold to USA consumers, while loss of employment to many consumers increases, as well as loss of billions of dollars to the US Treasury, and many other losses to the USA.

Nancy Gold, President, Tough Traveler Ltd., www.toughtraveler.com, 1-800-GO-TOUGH 6/26/16

U.S. Importers of Nepali Products

No written summary provided. Please see EDIS for full submission.

Appendix E

Revised HTS 2015 Subheadings

Revised HTS 2015 Subheadings and Statistical Reporting Numbers with Corresponding HTS 2016 Subheadings

Effective July 1, 2016, pursuant to Presidential Proclamation 9466, the HTS 2015 subheadings listed below were subdivided and Generalized System of Preferences (GSP) eligibility granted to some, but not all, articles classified under these subheadings. The GSP program indicator of “A+” in the “Special” column of the HTS means that the designated products produced in the Least Developed Beneficiary Developing Countries (LDBDCs) under the GSP program are eligible or duty-free treatment upon proper claim filed by the U.S. importer of record. Nepal is among the GSP LDBDC countries, as provided in HTS general note 4(b). The table below lists the old HTS 2015 subheading and corresponding new HTS 2016 subheadings.

Table E.1: Revised HTS 2015 subheadings and statistical reporting numbers with corresponding HTS 2016 subheadings.

HTS 2015 Subheading ^a	HTS 2015 statistical reporting nos.	Updated HTS 2016 subheading	Description	GSP indicator
4202.12.20	4202.12.2020 and 4202.12.2050	4202.12.21	Luggage and similar articles with outer surface of plastics	A+
		4202.12.29	Attaché cases and similar articles with outer surface of plastic	n/a
4202.12.80	4202.12.8030 and 4202.12.8070	4202.12.81	Other luggage, attaché cases, and similar articles with outer surface of textile materials (manmade fibers)	A+
		4202.12.89	Other luggage, attaché cases, and similar articles with outer surface of textile materials (silk , cotton, other)	n/a
4202.22.80	4202.22.8050	4202.22.81	Handbags with outer surface of textile materials, not wholly or in part of braid (manmade fibers)	A+
		4202.22.89	Handbags with outer surface of textile materials, not wholly or in part of braid (cotton, paper yarn, or other)	n/a
4202.32.95	4202.32.9530	4202.32.91	Pocket goods with outer surface of textile materials (cotton)	n/a
	4202.32.9250	4202.32.93	Pocket goods with outer surface of textile materials (manmade fibers)	A+
	4202.32.9560	4202.32.99	Pocket goods with outer surface of textile materials (other)	A+
4202.91.00	4202.91.0010	4202.91.10	Leather golf bags	n/a

Nepal: Advice Concerning Whether Certain Textile and Apparel Articles Are Import Sensitive

HTS 2015 Subheading^a	HTS 2015 statistical reporting nos.	Updated HTS 2016 subheading	Description	GSP indicator
	4202.91.0030 and 4202.91.0090	4202.91.90	Travel, sports and similar bags, backpacks, and other containers with outer surface of leather	A+
4202.92.30	4202.92.3020 and 4202.92.3031	4202.92.31	Travel, sports and similar bags, backpacks with outer surface of textile materials (manmade fibers)	A+
	4202.92.3005 and 4202.92.3010 and 4202.92.3016	4202.92.33	Travel, sports and similar bags with outer surface of textile materials (paper yarn, silk, cotton)	n/a
	4202.92.3091	4202.92.39	Travel, sports and similar bags with outer surface of textile materials (non-cotton vegetable fibers and other)	A+
4202.92.90	4202.92.9026	4202.92.91	Other containers, other than musical instrument cases and retail jewelry boxes, with outer surface of textile materials (manmade fibers)	A+
	4202.92.9010 and 4202.92.9010 and 4202.92.9036	4202.92.93	Other containers, other than musical instrument cases, with outer surface of textile materials (silk, other)	n/a
	4202.92.9050	4202.92.94	Plastic cases designed to protect and transport CD's and their players; cassette players and/or cassettes	n/a
	4202.92.9060	4202.92.97	Other containers, other than musical instrument cases, with outer surface of sheeting of plastic, other	A+

^a HTS subheadings referenced in the U.S. Trade Representative's (USTR's) request letter for investigation no. 332-558.