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Customs Law Group

House of Representatives of the United States of America
Committee on Ways and Means
112th Congress – 2nd Session

Public comments on Bill H.R. 4820

Bill H.R. 4820 of the Miscellaneous Tariff Bill would have an adverse effect on United States (U.S.) jobs and will undermine preferential trade agreements with the U.S. by allowing specified audio headphones and earphones from all most-favored-nations to be imported duty free.

Our client, henceforth known as "The Company", has assembly operations in the U.S. of headsets, which include headphones and earphones. The company manufactures customized high quality audio headphones and earphones with microphones also known as headsets. The component parts are of U.S. and non U.S. origin material.

The U.S. production of high quality headsets, including headphones and earphones, utilizes highly skilled workers who are required because of, among other reasons, the complexity of the low-high audio frequencies, noise cancellation and product compatibility with multiple electronic devices. The knowledge, research and engineering to design, develop, manufacture and sell these products are amassed in the United States, providing U.S. workers the information, competence and expertise required to build high quality audio products. The Company utilizes the skills of many U.S. employees to maintain a high level of quality and reliability when making headsets. The U.S. production of headsets, headphones and earphones requires employees with skills in electrical engineering, software development, quality, acoustics, industrial design, mechanical engineering, human factors, procurement, order management and technical assistance center, among others.

Components used in the manufacturing of the headsets come from U.S. suppliers and manufacturers in preferential trading countries where the U.S. has established free trade agreements. Because Bill H.R. 4820 would authorize reduced rates of duty to all most-favored-nations the benefits associated with the current free trade agreements would no longer exist. Bill H.R. 4820 would substantially weaken the goals and objectives of all current and future free trade agreements.

We believe Bill H.R. 4820 is detrimental to the U.S. jobs at The Company and to manufacturers in preferential trading countries where the U.S. has entered into one or more free trade agreement(s). H.R. 4820 does not support manufacturing of headsets, headphones or earphones in the U.S. because

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Tariff item 8518.30.20 of the Harmonized tariff System of the United States (HTSUS) covers fully manufactured headphone and earphones, but not component parts. Component parts for headphones and earphones are classified using tariff numbers 8518.10, 8518.21 or 8518.29 and 8518.80, HTSUS. Because this bill does not provide reduced rates of duty on the importation of the above listed components, U.S. based manufacturers are specifically discouraged from creating more U.S. jobs and manufacturing in the United States. As written the bill only allows for reduced rates of duty on fully manufactured audio headphone and earphone and offers no reduced rates of duty on component parts.

Bill H.R. 4820 is detrimental to our economy and the creation and retention of U.S. jobs. It diminishes the benefit of preferential trade agreements established between the US and partnering countries.

Respectfully submitted,

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