Wednesday, June 20, 2012

The Honorable David L. Camp
Chairman
Ways and Means Committee Office
1102 Longworth House Office Building
Washington D.C. 20515

RE: H.R. 5193

Dear Chairman Camp,

We are writing you today to publicly oppose the following Miscellaneous Tariff Bills concerning Certain Mechanics' Work Gloves:

H.R.5193 -- To suspend temporarily the duty on certain mechanics' work gloves

Our main opposition of this Bill stems from the confusing and out of touch definition of a mechanics glove.

From the Bill, the term "mechanics' work gloves" means "**gloves having the following characteristics: imitation leather palms and fingers with fourchettes; backs comprising either one layer of synthetic knitted fabric or three layers with the outer layer of synthetic knitted fabric, the center layer of foam and the inner layer of tricot fabric**."

In this letter, we will provide examples that the Bill, 1) does not correlate with the marketplace definition of a "mechanics glove"; 2) will cause cost inequalities among strikingly similar products; 3) determines a different import duty based on subtle design changes leaving importers to guess as to how Customs will rule on each individual glove product; 4) will cost American taxpayers over $11,000,000 in annual import duties; and 5) fails to meet the objectives of MTB's because the "special class" it creates is controversial, and it directly affects the fledgling domestic production of mechanics gloves.

EXAMPLE 1: A simple search for "mechanics glove" at Grainger.com, the website of the largest industrial and safety distributor in the United States results in over 700 glove styles. Below is a listing of 6 of those styles. Currently all of these glove styles are imported under very similar duty rates. Based on the definition in the Bill, we have separated the gloves into which would comply under the proposed legislation and which would not. As you can see, based on the proposed definition of a "mechanics glove", it is difficult to tell which glove should receive 0% treatment and which should not.

DOES NOT MEET DEFINITION

MEETS DEFINITION

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EXAMPLE 2: Our Company imports many mechanics gloves. However, we would like to discuss only two of those styles shown below (General Utility Plus, hereafter "GUP" and Gray Mesh Utility, hereafter "GMU"):

GUP

GMU

Both the GUP and GMU are extremely similar. They are called mechanics gloves in the marketplace. They contain the same:

Palm design,
Palm materials,
Cuff materials,
Velcro closure materials,
Fourchette (sidewall of finger) materials, and,
Nylon thread.

Even the stretch nylon top of hand material is very similar, one being black and the other being gray. Furthermore, these gloves are:

Sold by the same industrial distributors and retailers,
Have the same dealer cost and MSRP,
Perform the same functions,
Are marketed together, and most importantly,
Are worn by the same type of consumer.

The only difference (besides color) is the unique design of each glove, which is subtle and not a differentiating factor. The GUP simply features a neoprene knuckle which is a non-woven material. Yet, under the Bill, only the GMU would qualify for the new 0% duty rate while the GUP would not (10.4% + weight, see page 4), thus putting it at a competitive cost disadvantage.

EXAMPLE 3: The definition leaves the industry to wonder how U.S. Customs and Boarder professionals will determine if a glove has only "**one layer of synthetic knitted fabric or three layers with the outer layer of synthetic knitted fabric, the center**

layer of foam and the inner layer of tricot fabric". What if the glove contains 2 layers? What if the glove contains 4 layers? What if the glove contains a waterproof layer? Are these gloves not "mechanics gloves"?

In the example below, all gloves appear to have a single layer of synthetic knitted fabric on the top of hand. However, since the glove can have only *either* a single layer, or three layers as defined above, how will the examiner rule when the glove also features a layer of Thermoplastic Rubber? Are these gloves not two layers? The TPR on the gloves below are sewn on to the knitted fabric layer. What defines a layer? The definition is too controversial and creates more questions than answers.

EXAMPLE 4: Most mechanics gloves are imported under harmonization code number 6216.00.5820. In 2011, the cost of gloves imported under 6216.00.5820 was $109,741,529. The duty rate under 6216.00.5820 is 10.4% + $0.207/per kilogram. We can determine then that over $11,000,000 was generated in duties paid under 6216.00.5280 last year. Furthermore, since H.R. 5193 represents only 20% of 6216.00.5820 (there are four other bills pending) we can use probability to determine that this Bill could eliminate over $2,000,000 in duties paid.

EXAMPLE 5: In a press release from May 24, 2012, the House Ways and Means Committee stated: "**A key objective of MTBs is to boost the competitiveness of U.S. manufacturers by lowering the cost of imported inputs that are not produced in the United States."** We submit that this MTB, H.R. 5193, fails to meet these objectives. This Bill is controversial because it creates a competitive imbalance and confuses the industry participants. This Bill cleaves the industry into "Haves" and "Have Nots", creating a special class of manufacturers based on proprietary designs, and nothing else. As stated in Example 4, the cost of this Bill could run well over $500,000. Furthermore, our company, along with others, is currently developing domestically produced mechanics gloves.

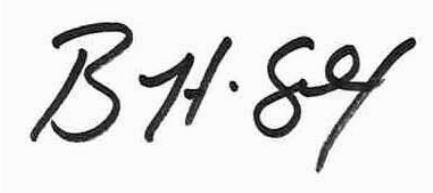
As a company in the mechanics work glove industry, we would gain some small benefit from the Bill. However, today as we write this letter, the playing field is level and all mechanics glove importers pay a similar duty rate. This Bill leaves some mechanics glove importers at the old, higher duty rate and others at the new 0% duty rate, based solely on how they choose to design the glove. Yet, all of these gloves are sold and marketed to the same customers as mechanics gloves, and today, we all compete fairly against each other. The definition in the Bill is not the same as the common marketplace definition.

In conclusion, we agree with the idea that lower duty rates on ALL mechanics style gloves would be beneficial to the entire industry. Therefore, in an effort to keep the competitive landscape fair, we suggest that either the definition of a mechanics glove be rewritten to include all mechanics style gloves, or, the duty rate of tariff number 6216.00.5820 be reduced. Until legislation can be introduced that is fair for all participates, we can not support any bill that is controversial, divisive, and harmful to American businesses.

We strongly request you opposed H.R. 5193.

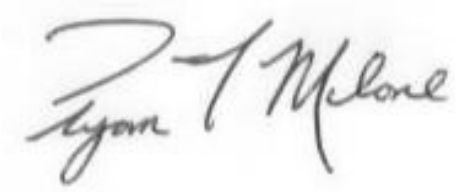
If you would like any additional information, please contact any one of us at info@ytgloves.com or 800-680-7177.

With sincere regards,



Brian Sheehy, Vice President of Operations

Max Hackett, Vice President of Sales and Marketing



Ryan Malone, President

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