

TIMEX GROUP

June 21, 2012

The Honorable Dave Camp  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Sander Levin  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

**RE: Support tariff simplification for watch imports, HR 5750**

Dear Chairman Camp and Ranking Member Levin:

I am writing on behalf of Timex Group to express support for H.R. 5750, a technical correction to US tariff law to be incorporated as part of the Miscellaneous Tariff Bill (MTB) process.

Timex is a global company with a strong U.S. presence. Our U.S. headquarters, located in Middlebury, Connecticut, employs close to 200 people. Our distribution center in Little Rock, Arkansas employs 100 people. In addition, Sequel International, Inc., one of our subsidiaries also located in Connecticut, employs 175 people. Timex has stores and offices located in California, Florida, and Texas. In total, we employ 735 people in the United States. Globally, Timex Group has manufacturing and distribution operations in 20 countries and employs approximately 5,000 people.

HR 5750 will simplify several watch headings in the Harmonized Tariff Schedule. The bill creates new simplified HTS designations replacing certain headings which have unnecessarily complex value calculations for imported watches. At present, the watch industry in the United States faces a uniquely and unnecessarily complex system for assessing the duty rate on imported watches. Rather than assessing a single duty rate on the value of an entire watch, the HTS requires a company first "apportion" the value of a watch into several components. Each of the various components, which include the movement, case, strap/band, and battery, carries a unique duty rate and companies must track down the values of the individual components. This current complex valuation system has not been reviewed in decades and is not adequate for today's watch industry. HR 5750 will help modernize the current system.

The meticulous breakdown of duty rates in the apportionment system also necessitates detailed record-keeping, which is open to human error, and needless increased oversight on the part of Customs and Border Protection (CBP). U.S. companies trying to comply with current regulations must attempt to obtain values for numerous components from the watch manufacturer and/or supplier who many times refuse to divulge the information, so as not to disclose the extent of the supplier's markup. Furthermore, in today's global economy the supply chain extends through several layers of suppliers making it difficult for importers to present completely accurate and traceable information to CBP. HR 5750 will help improve compliance by US companies and allow CBP to make better allocation of their resources to other more substantial areas.

Other watch companies have expressed support for H.R. 5750, as well as overall reform of the HTS headings for watches. The current legislation seeks to simplify the process only for watches valued under \$300, as we believe this is the most practical solution considering that higher-end luxury watches handle less volume and as a result may not be as affected by the current system. In addition, companies in the higher-end sector of the industry are unlikely to support a fixed duty rate fearing an unwanted increase in duties paid when compared to the current system of apportionment.

Finally, it is important to highlight that the intent of HR 5750 is to remain tariff neutral. HR 5750 attempts to achieve simplification of importing procedures without reducing duties paid by watch importers. The proposed bill will not require government offsets by increases in revenue measures, nor do we believe it will increase the duty cost for US companies. However, should comments and questions arise from other companies in the industry, we would welcome the prospect of engaging through the International Trade Commission and other agencies involved in the MTB process to achieve reform that is practical and fair for all.

We hope that you will support us on this effort and give careful consideration to this legislation.

Best regards,

*Frank Sherer*