

June 11, 2018

Mr. Andrew McGilvray
Executive Secretary
Foreign Trade Zones Board
U.S. Department of Commerce

RE: FTZ Docket B-020-2018; MTD Consumer Group; Foreign Trade Zone 158

The following comments are provided on behalf of the National Council of Textile Organizations (NCTO) in response to the Federal Register request for public comments found at 83 FR 15360, dated April 10, 2018 (FTZ Docket B-020-2018).

NCTO strongly opposes the application for production authority filed by the Greater Mississippi Foreign-Trade Zone, Inc., grantee of FTZ 158, requesting production authority on behalf of MTD Consumer Group Inc. (MTD) located in Verona, Mississippi. We have numerous member companies impacted by this petition, including fiber and yarn producers as well as fabric manufacturers capable of supplying the subject textile input. U.S. producers have invested significantly along the supply chain to maintain production capacities to produce the subject product.

To summarize, Board approval of the requested production authority would allow MTD to import foreign status textile grass catcher bags (HTSUS 5911.90) effectively duty free for both domestic sales and export, bypassing the regular duty rate of 3.8% for this textile product. MTD would use these foreign status inputs in the production of walk-behind lawn mowers, which carry a duty rate of zero.

Presumably, the relevant tariff classification for the walk-behind mowers is 8433.11 based on the table listing finished products and their classifications on page 3 of the 2016 MTD production notification. However, this is not completely clear as the pending application does not list any finished products in response to section 41 directing the applicant to provide a physical description, 6-digit HTSUS number, and current U.S. duty rate for each finished product and foreign-status component/input.

The likely beneficiary in this case would be China as the second largest supplier of the U.S. market for 5911.90 textile products after Mexico. The U.S. imported \$57 million from China in this classification in 2017, up ten percent from 2016. FTZ authority is not needed for imports from Mexico, given that these imports are duty free under NAFTA.

Further, we question the validity of the statement that reads, "The overall competitiveness of MTD's Verona facility depends upon the approval of this FTZ Production Application for grass catcher bags." Notably, MTD has existing production authority for the other 65 foreign status components included in its 2016 production notification.

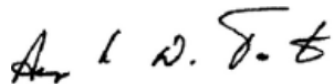
With regard to existing authority granted to MTD competitors STIHL and Husqvarna Outdoor, this issue was already raised in the 2016 notification. Each FTZ should be evaluated on its own merits and the information available at the time in terms of meeting the various thresholds required for FTZ approval. As just one example, what may be inconsistent with overall trade policy can and does change. Furthermore, while the full 2008 STIHL and Husqvarna applications are not available on OFIS, according to the FR Notices, the Stihl application covered "felt filters" classified under 5911.90, while the

Husqvarna application covered “textile articles and products for technical uses.” Importantly, neither case specifically references textile grass catcher bags. 5911.90 is a large basket classification and encompasses many diverse industrial textile products.

In summary, we contend the FTZ concept should not be utilized in this manner and strongly recommend the FTZ Board not approve FTZ tariff benefits for textile grass catcher bags, consistent with its earlier decision to require that the subject input be admitted in domestic/duty-paid status (Doc. B-65-2016, 82 FR 6489, January 19, 2017).

As previously stated, approval of this application would have negative implications for our member companies, their employees and fiber and yarn suppliers. Thank you for your consideration of our views, and please feel free to contact us if we can provide any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "A. I. N. T. B." with a stylized flourish at the end.

Augustine Tantillo
President & CEO
National Council of Textile Organizations (NCTO)