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RISK MANAGEMENT ALERT

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CIT RULES AIR FILTER MEDIA DUTY FREE

On October 31, the Court of International Trade issued an important ruling in *Airflow Technology, Inc. v. United States* that provides a significant duty savings to importers of air filter media and other textile products currently classified in Chapter 59. The duty savings involve the tariff classification of air filter media imported uncut in rolls which U.S. Customs had previously classified as “straining cloth” at the duty rates of 11% and 10.5% *ad valorem* for the goods at issue in the case (presently 8% *ad valorem*). **Rodriguez O’Donnell** in a prior phase of this proceeding successfully persuaded the Court of Federal Appeals to overturn this classification.

The October 31st decision addressed Customs’ remaining claims that the filter media was classifiable in Chapter 59: the Court held that the air filter media could neither be classified as a textile fabric of a kind used for card clothing or a similar fabric for other technical uses, nor as a textile article (both of which carried duty rates 6% and 5.6% *ad valorem* for the goods at issue in the case, and presently carry a duty rate of 3.8% *ad valorem*). Therefore, the Court concluded that the air filter media is classified as a non-woven in Chapter 56, which enters *duty free*.

The Government has 60 days to appeal the October 31st ruling. If the Government does not appeal, importers of air filter media similar to the *Airflow* product may begin to enter such goods duty free, resulting in significant duty savings. Moreover, the *Airflow* decision may provide similar significant duty savings to importers of other textile goods presently classified in Chapter 59 as similar fabrics for other technical uses.

Our firm handled all phases of the *Airflow* proceeding, and we are quite familiar with the types of products and legal issues involved in this area. Please contact Tom O’Donnell, (773) 314-5001, todonnell@chicago.rorlaw.com, or Jessica Rifkin, (773) 314-5005, jrifkin@chicago.rorlaw.com, if you would like any further information or assistance.

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