

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 108th Congress ¹**

[Date approved: August 6, 2004]²

Bill No. and sponsor: H.R. 3518 (Mr. Waxman).

Proponent name, location: Paint Resources International, Santa Monica, CA.

Other bills on product (108th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2008.

Retroactive effect: None.

Suggested article description for enactment (including appropriate HTS subheading):

White-pigmented vinyl polymer in aqueous solution (provided for in subheading 3209.10.00).

Check one: Same as that in bill as introduced
 Different from that in bill as introduced (explain differences in Technical comments section)

Product information, including uses/applications and source(s) of imports:

According to the proponent, "486" pigmented vinyl polymer in aqueous solution is an absorbent white paint used as a basecoat for other paints. Italy is the primary source of U.S. imports of the proponent's product.

¹ Industry analyst preparing report: Larry Johnson (202-205-3351); Tariff Affairs contact: David Beck (202-205-2603).

² Access to an electronic copy of this memorandum is available at <http://www.usitc.gov/billrpts.htm> Access to a paper copy is available at the Commission's Law Library (202-205-3287) or at the Commission's Main Library (202-205-2630).

Estimated effect on customs revenue:

HTS subheading: 3209.10.00					
	2004	2005	2006	2007	2008
Col. 1-General rate of duty (AVE) <u>1/</u>	5.1%	5.1%	5.1%	5.1%	5.1%
Estimated value <i>dutiable</i> imports	\$66,769,000	\$73,446,000	\$80,791,000	\$88,870,000	\$97,757,000
Customs revenue loss	\$3,405,219	\$3,745,746	\$4,120,341	\$4,532,370	\$4,985,607

1/ The AVE is the ad valorem equivalent of a specific or compound duty rate expressed as a percent, using the most recent import data available.

Source of estimated dutiable import data: The product description in this bill is general enough that it could apply to all imports in this HTS subheading. Therefore, the revenue loss estimates are calculated from estimates of total imports entering under this rate line item. The estimates for total imports are based on official statistics of the U.S. Department of Commerce and information provided by members of the industry. Revenue losses may be higher if imports increase more than the estimates.

Contacts with domestic firms/organizations (including the proponent):

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
		(Yes/No)		
Paint Resources International	4/27/2004 ¹	No	Yes	No
Fanwood Chemicals Inc	4/27/2004 ¹	No	No	No
National Paint and Coatings Association	5/3/2004 ^{1,2}	No	Yes	No
Color Pigments Manufacturers Association	5/7/2004 ^{1,2}	No	No	No
Air Products and Chemicals, Inc., Chemicals Group, Polymer Chemicals Div.	02/09/04	No	No	No
Kelly-Moore Paint Co.	02/09/04	No	No	No

¹ Contacted multiple times. Date listed is the date of the most recent contact.

² Additional future submissions from members of the trade associations are possible.

Technical comments:³

The staff recommends that the numeric prefix, “486,” be deleted as it denotes a brand name.

Partly because the vinyl polymer is not specifically identified, the article description can only be narrowed to the following degree:

White-pigmented vinyl polymer in aqueous solution (provided for in subheading 3209.10.00)

Given the general description above, the Bureau of Customs and Border Protection may have difficulty administering the proposed duty suspension.

³ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

From: Liz Johnston [ljohnston@paint.org]
Sent: Friday, February 20, 2004 3:56 PM
To: Johnson, Lawrence
Cc: Steve Sides
Subject: Temp Duty Suspension

Dear Larry-

On behalf of NPCA, we wanted to thank the ITC for contacting us as a point of reference for the pending temporary duty legislation regarding two-tone antique paint. Unfortunately, at this time we are not able to make a determination of how this legislation will impact our industry and make a determination on behalf of our entire membership.

I have relayed the attached basic message to our membership.

<<Antique Paint Duty.doc>>

We hope to be of assistance to the ITC with future issues. If you have any additional comments or trade related questions, I will be happy to talk to you.

Thanks,
Liz A. Johnston
Manager Special Projects
National Paint and Coatings Association
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Fax: +1 (202) 462-8549

108TH CONGRESS
1ST SESSION

H. R. 3518

To suspend temporarily the duty on 486 paint based on aqueous vinyl polymer.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 18, 2003

Mr. WAXMAN introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on 486 paint based on aqueous vinyl polymer.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. 486 PAINT BASED ON AQUEOUS VINYL POLY-**

4 **MER.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of
6 the Harmonized Tariff Schedule of the United States is
7 amended by inserting in numerical sequence the following
8 new heading:

“	9902.33.20	486 paint based on aqueous vinyl polymer (pro- vided for in sub- heading 3209.10.00)	Free	No change	No change	On or before 12/31/2008	”.
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1 (b) **EFFECTIVE DATE.**—The amendment made by
2 subsection (a) applies with respect to goods entered, or
3 withdrawn from warehouse for consumption, on or after
4 the 15th day after the date of the enactment of this Act.

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