

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: September 12, 2005]²

Bill No. and sponsor: H.R. 2003 (Mr. Otter et al.)

Proponent name, location: Black Palace (Idaho cheese importing company)

Other bills on product (109th Congress only): None

Nature of bill: Permanent HTS amendment

Retroactive effect: None

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

Not applicable; bill would delete existing provisions that impose an additional tariff of 100 percent ad valorem on Roquefort cheese that is the product of specified European Union member countries, including France.

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:

Roquefort cheese is a specialty blue cheese made from raw sheep's milk. Most of world production and all U.S. imports come from France. There is negligible U.S. domestic production of Roquefort cheese.

Estimated effect on customs revenue:

The duty of 100 percent ad valorem that is imposed under subheading 9903.02.30 applies in lieu of the duty rate of 2.7 percent ad valorem (subheading 0406.40.20) or 4.5 percent (subheading 0406.40.40), pursuant to U.S. note 1 to subchapter III of chapter 99 of the HTS. The estimated revenue loss accomplished by the deletion of these chapter 99 duty provisions would therefore be the difference in revenues collected if the permanent tariff rate in each case is subtracted from 100 percent. In the absence of the retaliatory duty rate, general duty rates from the two subheadings and applicable tariff-rate quota provisions would apply.

¹ Industry analyst preparing report: Jonathan Coleman (202-205-3465); Tariff Affairs contact: Jan Summers (202-205-2605).

² An electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.

HTS subheading: 0406.40.20					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty (AVE)<u>1/</u>	2.7%	2.7%	2.7%	2.7%	2.7%
Estimated value <i>dutiable</i> imports <u>2/</u>	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
Customs revenue loss	\$2,140,600	\$2,140,600	\$2,140,600	\$2,140,600	\$2,140,600

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. The revenue loss was computed by subtracting this general duty rate from the retaliatory duty of 100 percent ad valorem.

2/ Assumes a 10 percent increase over the average dutiable import level of about \$2 million during 2000-04. Source of estimated dutiable import data: Commission estimates.

HTS subheading: 0406.40.40					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty (AVE)<u>1/</u>	4.5%	4.5%	4.5%	4.5%	4.5%
Estimated value <i>dutiable</i> imports <u>2/</u>	\$440,000	\$440,000	\$440,000	\$440,000	\$440,000
Customs revenue loss	\$420,200	\$420,200	\$420,200	\$420,200	\$420,200

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. The revenue loss was computed by subtracting this general duty rate from the retaliatory duty of 100 percent ad valorem.

2/ Assumes a 10 percent increase over the average dutiable import level of about \$400,000 during 2000-04. Source of estimated dutiable import data: Commission estimates.

Total estimated revenue loss					
*****	2005	2006	2007	2008	2009
*****	\$2,560,800	\$2,560,800	\$2,560,800	\$2,560,800	\$2,560,800

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)		
None		No	No	No

Technical comments:³

Subdivision (a) of section 1 would delete an HTS provision covering Roquefort cheese that is the product of any of 14 enumerated member countries of the European Union, although as a practical matter it applies to cheese that is the product of France. Subheading 9903.02.30 was one of many tariff rate lines covering targeted products of one or more EU member countries. The provision was established by the USTR under authority from the President to implement a GATT panel decision allowing U.S. action (or claim for compensation) to offset the trade effects of the EU ban on U.S. meat from cattle that were fed growth hormones.

Subdivision 1(b) would reflect the deletion of subheading 9903.02.30 by making conforming changes in the HTS, striking footnotes that link the permanent chapter 4 provisions to the retaliatory duty. We note that section 1204(a)(2) of the Omnibus Trade and Competitiveness Act of 1988 expressly provided that the footnotes are not part of the legal text of the HTS. The footnotes are inserted, modified, and deleted administratively by the Commission's Office of Tariff Affairs and Trade Agreements to facilitate the use of the tariff schedule by importers and by Customs officers. If the chapter 99 provision is deleted, the footnotes will automatically be deleted. The absence of legal status for the footnotes in question suggests that the bill should not address them, and the provisions of subdivision 1(b) are not necessary.

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.

109TH CONGRESS
1ST SESSION

H. R. 2003

To amend the Harmonized Tariff Schedule of the United States to remove the 100 percent tariff imposed on Roquefort cheese.

IN THE HOUSE OF REPRESENTATIVES

APRIL 28, 2005

Mr. OTTER (for himself and Mr. SIMPSON) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Harmonized Tariff Schedule of the United States to remove the 100 percent tariff imposed on Roquefort cheese.

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. REMOVAL OF 100 PERCENT TARIFF ON ROQUE-**
4 **FORT CHEESE.**

5 (a) IN GENERAL.—Subchapter III of chapter 99 of
6 the Harmonized Tariff Schedule of the United States is
7 amended by striking heading 9903.02.30.

8 (b) CONFORMING AMENDMENTS.—Chapter 4 of such
9 Schedule is amended—

1 (1) by striking footnote 1 to subheading
2 0406.40.20; and

3 (2) by striking footnote 1 to subheading
4 0406.40.40.

○