

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: November 8, 2005]²

Bill No. and sponsor: H.R. 2381 (Mrs. Sue Myrick of North Carolina).

Proponent name, location: Celanese Corporation, Washington, DC .

Other bills on product (109th Congress only): H.R. 2445.

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

Retroactive effect: None.

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

p-Hydroxybenzoic acid (PHBA) (CAS No. 99-96-7) (provided for in subheading 2918.29.22).

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

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

PHBA, p-hydrobenzoic acid, is a synthetic organic chemical used as a raw material to produce liquid crystal polymers. PHBA is also used in foods, pharmaceuticals, cosmetics, and other products to kill micro-organisms that may damage these products. The proponent currently imports this product from Germany. China, Hong Kong, Japan, Taiwan, and India have also supplied PHBA to the U.S. market.

¹ Industry analyst preparing report: Ed Cappuccilli (202-205-3368); Tariff Affairs contact: Dave Michels (202-205-3440).

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

Estimated effect on customs revenue:

HTS subheading: 2918.29.22					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	6.5%	6.5%	6.5%	6.5%	6.5%
Estimated value <i>dutiable</i> imports ^{1/}	\$13,500,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Customs revenue loss ^{2/}	\$459,000	\$510,000	\$510,000	\$510,000	\$510,000

^{1/} p-Hydroxybenzoic acid is the sole chemical entering in subheading 2918.29.22; estimated value of dutiable imports is based on value of the total import category.

^{2/} The estimated Customs revenue loss results from a difference between the rate of duty shown and the proposed reduced rate of 3.1%. The Commission notes that the subject chemical is eligible for a duty suspension under HTS heading 9902.29.03 that expires on December 31, 2006.

Source of estimated dutiable import data: Industry estimates and Commission 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)		
Celanese Corporation (Proponent) Bob Carpenter 202-637-3469	9/19/2005	No	No	No
Abbott Laboratories Elaine Leavenworth fax: 202-783-6631	9/13/2005	No	No	No
Bayer Karen Niedermeyer fax: 412-777-4740	9/13/2005	No	No	No
Bayer Julie Von Egmund fax: 202-737-8908	9/13/2005	No	No	No
Biddle Sawyer William Thonack fax: 212-239-1089	9/13/2005	No	No	No
Ciba Specialty Chemicals John Deming fax: 302-479-5152	9/13/2005	No	No	No
Clariant Corp. Andrew Zamoyski fax: 401-823-2700	9/13/2005	No	No	No

E.I. DuPont Nancy Johnson fax: 202-728-3649	9/13/2005	No	No	No
E.I. DuPont Helen McMahon fax: 302-774-1398	9/13/2005	No	No	No
E.I. DuPont Elaine Olson fax: 302-892-7343	9/13/2005	No	No	No
Eastman Chemical Co. Greg Riddle fax: 703-524-7707	9/13/2005	No	No	No
Eastman Chemical Co. Jorge SanPedro fax: 703-524-7707	9/13/2005	No	No	No
LANXESS Corporation Steve Ziehm e-mail: sziehm@ibgc.com	9/13/2005	No	No	No
Honeywell International Art Simonetti fax: 202-662-2675	9/13/2005	No	No	No
Noveon Tom Dirmyer fax: 214-415-6001	9/13/2005	No	No	No
Monsanto Corp. Michael Parrish fax: 202-789-1867	9/13/2005	No	No	No
Monsanto Corp. Linda Strachan fax: 202-789-1867	9/13/2005	No	No	No
Rhodia Dominick Cangiana fax: 609-860-1841	9/13/2005	No	No	No
Solutia Sue Cannon fax: 314-674-1585	9/13/2005	No	No	No
Solutia Dan Jenkins fax: 314-674-1585	9/13/2005	No	No	No
Uniroyal Chemical Company Lloyd Moon fax: 203-573-4430	9/13/2005	No	No	No

Technical comments:³

The Commission suggests that the article description on page 1 of this report be used in the proposed new heading as it reflects wishes by the proponent to conform to the revenue loss cap for all grades of PHBA.

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. 2381

To reduce temporarily the duty on PHBA.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 2005

Mrs. MYRICK introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To reduce temporarily the duty on PHBA.

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. PHBA.**

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

“	9902.12.01	PHBA (p-hydroxybenzoic acid), of a kind used in the production of liquefied crystal polymer (LPC) (CAS No. 99-96-7) (provided for in subheading 2918.29.22)	3.1%	No change	No change	On or before 12/31/2008	”.
---	------------	---	------	-----------	-----------	-------------------------	----

1 (b) EFFECTIVE DATE.—The amendment made by
2 subsection (a) applies to goods entered, or withdrawn from
3 warehouse for consumption, on or after the 15th day after
4 the date of enactment of this Act.

○