

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: December 20, 2005]²

Bill No. and sponsor: H.R. 2896 (Mr. McCrery of Louisiana)

Proponent name, location: Reily Foods Co., Louisiana

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)):

The bill would delete subheading 9903.02.37, a proclaimed tariff provision that imposes a tariff of 100 percent ad valorem on chicory and other roasted coffee substitutes produced in 14 specified European Union member countries. That provision reads as follows:

Roasted chicory and other roasted coffee substitutes and extracts, essences and concentrates thereof (provided for in subheading 2101.30).

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:

Roasted chicory and other roasted coffee substitutes are products mixed with coffee to produce flavored coffee blends. Chicory-flavored coffee is consumed primarily in the Southern United States, particularly Louisiana. There is negligible U.S. production of chicory used as a coffee substitute. In 2004, most U.S. imports entering under HTS subheading (2101.30.00) came from three sources: France (37 percent), Switzerland (33 percent), and Korea (15 percent). Products of France are subject to the 100 percent duty rate of subheading 9903.02.37.

¹ Industry analyst preparing report: George S. Serletis (202-205-3315); 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.

Estimated effect on customs revenue:

HTS subheading: 2101.30.00					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty (AVE) <u>1/</u>	2.1¢/kg (1.1%)				
Estimated value <i>dutiable</i> imports <u>2/</u>	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
Customs revenue loss <u>3/</u>	\$1,087,900	\$1,087,900	\$1,087,900	\$1,087,900	\$1,087,900

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.

2/ Estimated dutiable value on imports from the specified EU countries. Assumes a 10 percent increase over the average dutiable import level of about \$1 million during 2000-2004.

3/ The revenue loss was computed by subtracting this general rate of duty from the retaliatory duty of 100 percent for the specified EU countries.

Source of estimated dutiable import data: 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)		
Grocery Manufacturers Association Mary Sophos, 202-337-4508	10/17/2005	No	Yes	No

Technical comments:³

Subsection 1(b) of the proposed bill should be deleted; the footnotes in the HTS are, by virtue of the express provisions of the Omnibus Trade and Competitiveness Act of 1988, not part of the legal text of the HTS and are inserted administratively for reference by the users. If the bill is enacted and becomes immediately effective, the footnote would be removed from subheading 2101.30.00.

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. 2896

To amend the Harmonized Tariff Schedule of the United States to remove the 100 percent tariff imposed on roasted chicory and other roasted coffee substitutes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 14, 2005

Mr. McCREERY 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 roasted chicory and other roasted coffee substitutes.

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 ROAST-**
4 **ED CHICORY AND OTHER ROASTED COFFEE**
5 **SUBSTITUTES.**

6 (a) IN GENERAL.—Subchapter III of chapter 99 of
7 the Harmonized Tariff Schedule of the United States is
8 amended by striking heading 9903.02.37.

1 (b) CONFORMING AMENDMENTS.—Chapter 21 of
2 such Schedule is amended by striking footnote 1 to sub-
3 heading 2101.30.00.

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