

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 111th Congress¹**

[Date approved: July 9, 2010]²

Bill No. and sponsor: S. 2715 (Mr. Frank R. Lautenberg of New Jersey).

Proponent name,³ location: BASF Corporation, Florham Park, NJ.

Other bills on product (111th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2011.

Retroactive effect: None.

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

Expandable polystyrene beads (CAS No. 9003-53-6) of a kind used for block and shape applications (provided for in subheading 3903.11.00).

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:

The subject products are a form of polystyrene specifically formulated for downstream captive expansion (blowing) by domestic expandable polystyrene beads (EPS) producers or converters into cellular products that are suitable for molding into various block and shape forms.⁴ During the production process, the resin beads are typically impregnated with pentane as the blowing or exfoliation agent. Block forms are used extensively as insulation, while shape forms are typically used to cushion and protect various products during shipment and storage. The product is imported from several countries, including the Bahamas,⁵ Canada,⁶ China, Germany, Indonesia,⁷ Japan, Korea,⁸ and Taiwan.

¹ Industry analyst preparing report: Ray Cantrell (202-205-3362); Tariff Affairs contact: David Michels (202-205-3440).

² Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.

³ The sponsor/proponent did not identify any additional beneficiaries of this bill.

⁴ The duty suspension would not apply to cup grade EPS, which is distinguishable from block and shape forms by virtue of its smaller bead and cellular size, and higher purity standards.

⁵ Imports of the subject product from the Bahamas are eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act.

⁶ Imports of the subject product from Canada are eligible for duty-free treatment under the North American Free Trade Agreement (NAFTA).

⁷ Imports of the subject product from Indonesia are eligible for duty-free treatment under the Generalized System of Preferences.

⁸ Imports of the subject product from Mexico are eligible for duty-free treatment under the NAFTA.

Estimated effect on customs revenue for the subject product classifiable in HTS subheading 3903.11.00:

	2010	2011	2012	2013	2014
Col. 1-General rate of duty	6.5%	6.5%	6.5%	6.5%	6.5%
Estimated value <i>dutiable</i> imports ^a	\$80,000,000	\$90,000,000	\$100,000,000	\$105,000,000	\$110,000,000
Customs revenue loss ^b	\$5,200,000	\$5,850,000	\$6,500,000	\$6,825,000	\$7,150,000

a/ Dutiable import estimates were based on Commission estimates and do not include duty-free imports.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

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

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
			(Yes/No)	
BASF Corporation (Proponent) Gregory A. Thies, gregory.thies@basf.com Luis Espada, luis.espada@basf.com	01/15/2010	No	No	No
Bayer Corporation Karen Niedermeyer, karen.niedermeyer.b@bayer.com	01/19/2010	No	No	No
Dart Container Corporation Jim Lammers, 517-676-3803, jlammers@dart.biz	01/20/2010	No	No	No
Dow Chemical Company Lisa Schroeter, LMSchroeter@dow.com Max Turnipseed, mctint@att.net	01/19/2010	No	No	No
EPS Molders Association Betsy Steiner, 1-800-607-3772, info@epscentral.org	01/15/2010	No	No	No
Flint Hills Resources, LP Marshall Bird, marshall.bird@fhr.com Peter Brown, Peter.Brown@fhr.com	01/19/2010	Yes	Yes	No
LANXESS Corporation Jamie Schaeffer, jamie.schaeffer@lanxess.com	01/19/2010	No	No	No
Nova Chemicals, Inc. John Thayer, 724-770-5625, thayerj@novachem.com	01/19/2010	Yes	Yes	Yes
StyroChem Melissa Wallum, 514-457-3226, ext. 242 Glenn Wredenhagen, gwredenhagen@styrochem.ca	01/19/2010	Yes	Yes	Yes

Technical comments:⁹

The Commission staff suggests that the article description on page 1 of this report be used in the new heading to more accurately describe the various products subject to this bill. The Chemical Abstracts Service number in the bill is generic for all forms of polystyrene, whether or not expandable.

⁹ 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.

111TH CONGRESS
1ST SESSION

S. 2715

To suspend temporarily the duty on neopor expandable polystyrene.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 2, 2009

Mr. LAUTENBERG introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To suspend temporarily the duty on neopor expandable polystyrene.

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. NEOPOR EXPANDABLE POLYSTYRENE.**

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:

“	9902.01.00	Neopor expandable polystyrene (CAS No. 9003-53-6) (provided for in subheading 3903.11.00)	Free	No change	No change	On or before 12/31/2011	”.
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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 the enactment of this Act.

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