

Chemicals and Plastics

Recorded August 7, 2019

This presentation is provided for your consideration in preparing for the 2019 MTB cycle. Any information furnished to you in this presentation, by email, or otherwise by Commission staff in the course of reviewing your petition should not be regarded as a staff opinion or an indication that the Commission will consider the article description you provide to be one that is administrable by U.S. Customs and Border Protection or that otherwise meets the requirements of the American Manufacturing Competitiveness Act of 2016.



Overview

- General concepts for writing an article description
- Tips for chemicals and plastic articles
- Petition information other than article description
- Summary and list of useful resources



Step One — Be sure that you know where Customs classifies your product.

Tip: When in doubt, seek a ruling! (Surprise--CBP might not agree with your broker.) Link here to request an e-ruling: <u>https://erulings.cbp.gov/home</u>

Step Two — Go into the current HTS chapter, and **look at that tariff line's coverage and descriptive language**. See how this line fits into the structure of the heading and of surrounding provisions.

Tip: Your goods probably won't be the only product classified there! And remember that everyone can use your tariff line if it passes. The tariff provisions can give you "tried and true" language to use in a stand-alone chapter 99 heading.

Step Three — Plan to **create a verbal snapshot that distinguishes your product** at the dock from others in the same tariff provision.

Tip: Focus on visible physical characteristics first, then on listing necessary additional criteria that do not require lab tests or new legal interpretations.



Step Four -- Remember the Goldilocks principle in drafting—"just enough" product detail is best.

Tip: Don't include what you don't need—you'd need to prove your goods comply!

Step Five — Yes, you can cover an entire tariff category.

Tip: Don't use "other" as your article description, even if that is in the HTS, but beware the revenue loss cap! Covering an entire line avoids new terms that require interpretation, but may mean you only qualify for a duty reduction.

Step Six -- Think about your U.S. competitors—so you can avoid domestic producer objections!

Tip: Think about what makes your product different from theirs, and include (or exclude) that feature in writing your article description.

Step Seven — Go metric, and be careful with your "tariff grammar."

Tip: Descriptions should be plural in coverage, but did you say how many of each named characteristic each article must have at the time of entry, and cover endpoints in a range? Take a look at the 9902 headings already in place for guidance.



Step Eight — Be complete. If the right words are not in the "article description" box, we probably cannot add them.

Tip: You know what makes your product unique better than anyone else!

Step Nine — Do not give us a Customs ruling that covers a different product in support of the classification you reference in the article description.

Tip: If you have *any* customs document that shows the HTS line where CBP liquidated the good, you can upload a confidential copy—we'd love to know how CBP has classified it, officially.

Step Ten — **Do not commit overlap**, especially not with another petition you have filed or later file!

Tip: Keep track of what is being filed by other firms for goods in the 8-digit HTS subheading covering your product, and check out our guidance on avoiding overlapping article descriptions. [You may not realize it, but "Widgets" and "Widgets, green" overlap when used as article descriptions in separate petitions.]

Do you need more help? Watch our web site for additional guidance, see what Congress passed after our first report and what failed, and send questions to <u>MTBinfo@usitc.gov</u>!



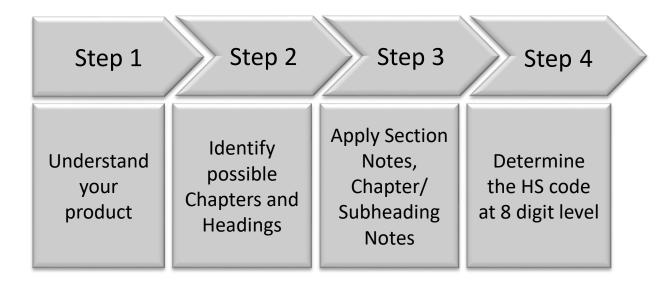
- General Considerations:
 - Put "(provided for in subheading xxxx.xx)" at end of article description
 - Use current 8 digit HTS subheading number, not 10 digit statistical reporting number
 - Use HTS nomenclature, not DataWeb abbreviations
 - Use metric measurements



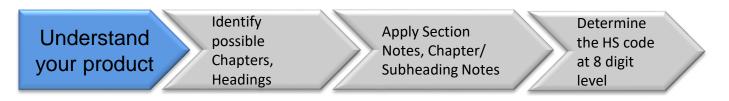
HTS Section VI: Products of the Chemical or Allied Industries

Chapter 28	Inorganic chemicals					
Chapter 29	Organic chemicals					
Chapter 32	Dyes, pigments, paints, varnishes, putty and mastics					
Chapter 33	Essential oils; perfumery, cosmetic or toilet preparations					
Chapter 34	Soap, organic surface-active agents, etc.					
Chapter 38	Miscellaneous chemical products					
HTS Section VII: Plastics and Articles Thereof; Rubber and Articles Thereof						
Chapter 39	Plastics and articles thereof					
Chapter 40	Rubber and articles thereof					



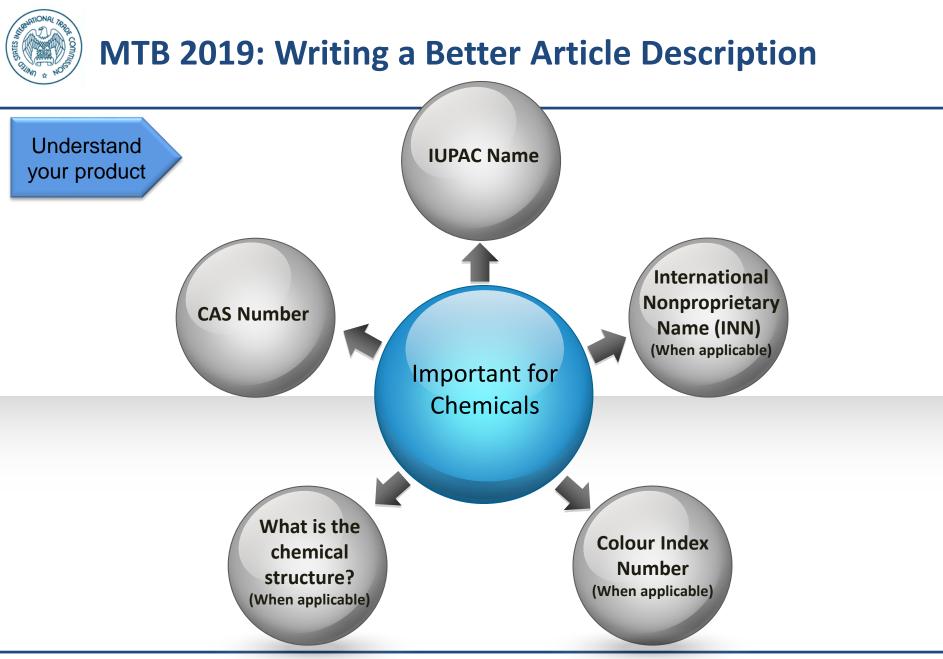


https://www.usitc.gov/



Step 1. Understand your product

- Is it a separate chemical element, a separate chemically defined compound, or a chemical mixture?
 - The chemical elements are listed on the Periodic Table.
 - A compound is a substance that can be broken down to two or more molecules, and further to chemical elements.
- What are the function, intended usage, and chemical composition of the product?
- How do the individual chemical components in the product contribute to the function and intended usage?



https://www.cas.org/content/chemical-substances http://www.who.int/medicines/services/inn/en/ http://iupac.org/what-we-do/nomenclature/

http://www.colour-index.com/about





Step 2. Identify possible Chapters and Headings

Chapters 28 and 29 apply to separate chemically defined compounds

- Refer to Chapter 28 Note 1 and Chapter 29 Note 1
- Refer to Explanatory Notes





• Step 3. <u>Apply Section Notes, Chapter/ Subheading Notes</u>



Chapters 28 and 29

Separate chemically defined compounds may:

- ✓ Contain impurities (Refer to Explanatory Notes)
- Be dissolved in water
- ✓ Be dissolved in other solvents provided that:
 - The solution is normal and necessary
 - Is solely for the reasons of safety or for transport
 - Does not render the product suitable use for specific use rather than general use.
- ✓ With other additives necessary for preservation of transport or for safety reasons







IUPAC name	C	AS number	-			
9902.01.39: Germanium dioxide, powder form (CAS No. 1310-53-8)						
(provided/for in subheading 2825.60.00)						
Permanent tariff subheading						
Hermonized Terriff Cabedula of the United States (2040) Devision 40						
Harmonized Tariff Schedule of the United States (2019) Revision 10 VI VI 28-12						
Heading/ Stat. Subheading Suf- Article Description	Unit of		Rates of Duty	2		
fix Anticle Description	Quantity	General	Special			
2825 (con.) Hydrazine and hydroxylamine and their inorganic salts; other inorganic bases; other metal oxides, hydroxides and peroxides: (con.) Germanium oxides and zirconium dioxide	kg	· 3.7% ^{9/}	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA,	25%		
			PE, SG)			

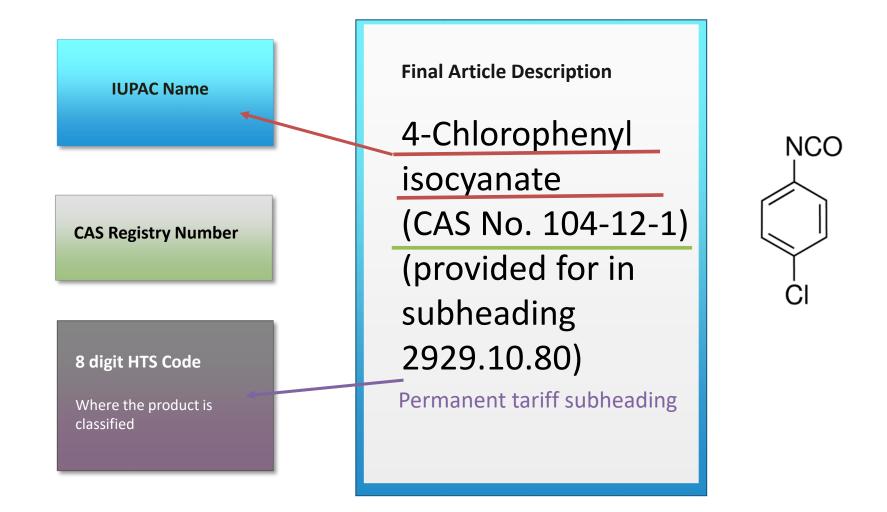


Chapter 29 – Organic chemicals:

- Pertains to carbon compounds
- Containing carbon and hydrogen, known as hydrocarbons
- Refer to Chapter 29 Note 1 (b-c)
 - Mixtures of two or more isomers of the same organic compound
 - The products of headings 2936 to 2939 or the sugar ethers, sugar acetals and sugar esters, and their salts, of heading 2940, or the products of heading 2941, whether or not chemically defined;
- Refer to Chapter 29 Note 3
 - Goods which could be included in two or more of the headings of this chapter are to be classified in that one of those headings which occurs last in numerical order.

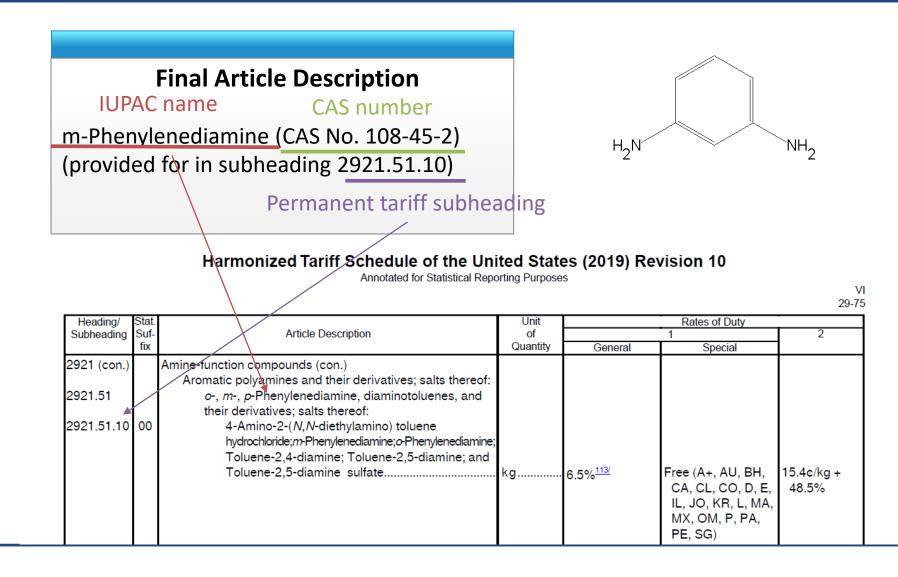


Example 1 Chapter 29 MTB Petition (9902.04.95)





Example 2 Chapter 29 MTB Petition (9902.03.80)





Chemical Mixtures

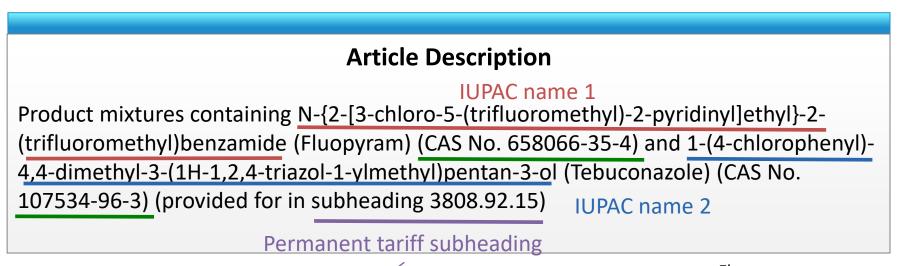
- Compound is not a separate chemically defined
- Does not fit into one of the permissible exemptions in Chapters 28 and 29
- It will belong in other HTS chapters such as:
- Chapter 30 for Pharmaceuticals
- Chapter 38 Miscellaneous Chemical Products

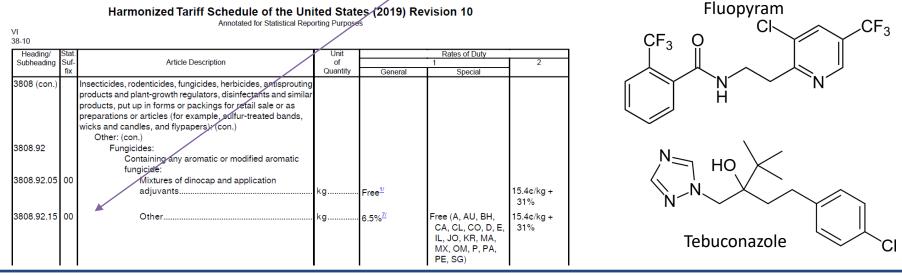


Chapter 38 - Chemical Mixtures

- Heading 3824: Other Chemical Mixtures, covers chemical mixtures not to be classified in any other heading of the Nomenclature
- Subheading 3824.90: Other: Mixtures containing 5 percent or more by weight of one or more aromatic or modified aromatic substances:





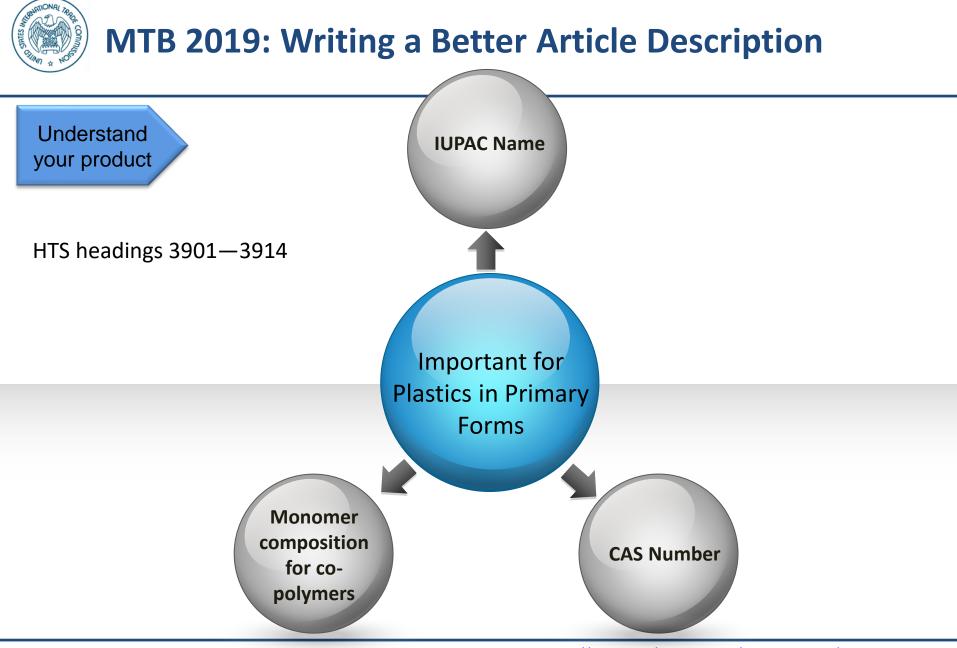




Chapter 39 – Plastics and Articles Thereof

- Headings 3901 through 3914 cover plastics in primary forms
- Headings 3915 through 3926 cover plastic articles

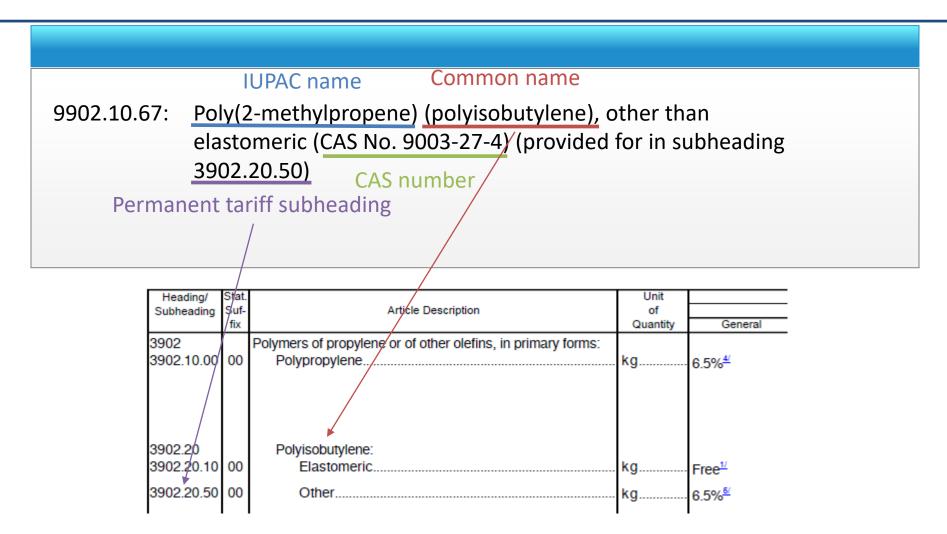
Understanding the notes for HTS section VII and chapter 39 as well as the language of the tariff headings are necessary for proper classification.

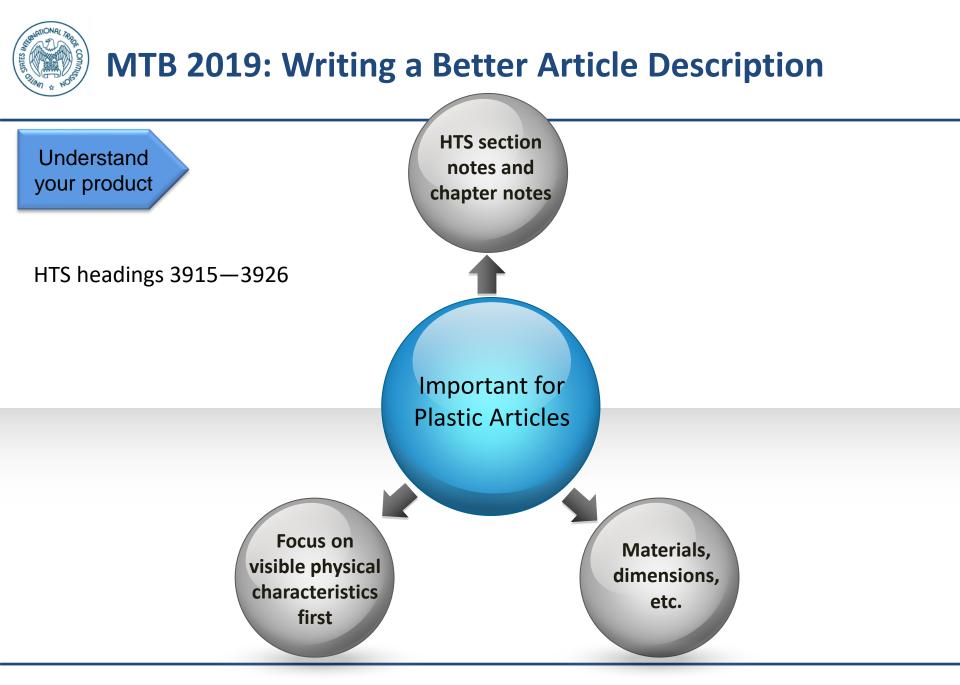


https://www.cas.org/content/chemical-substances

http://iupac.org/what-we-do/nomenclature/









9902.12.19:	Plastic screen protectors having dimensions not exceeding 40
	mm by 60 mm but at least 35 mm by 50 mm for digital still
	image video cameras of 8525.80.40 (provided for in
	subheading 3926.90.99)

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	General
3926 (con.)		Other articles of plastics and articles of other materials of headings 3901 to 3914: (con.)		
3926.90		Other: (con.)		
(con.)				50/
3926.90.99		Other		5.3% ^{<u>53/</u>}



- Additional product information
 - Description of the product and how it is used
 - Opportunity to upload product information or website links
- U.S. production information
 - Is an identical, like, or directly competitive product produced in the United States?
 - Additional information about the domestically produced product



- Import data
 - Your knowledge of the market
 - USITC's Dataweb (dataweb.usitc.gov)
 - Your industry association
- Other importers and beneficiaries
- Temporary duty suspensions are available to all importers, not just the filer of the original petition



- Article descriptions are critical for success
 - Go to future seminars for examples of various types
 - Check your tariff heading in HTS Search
 - Look at current provision in HTS chapter 99, Subchapter 2, for more examples of article descriptions
- Check <u>CROSS</u> rulings for your tariff heading
 - Accessible from HTS Search or on CBP website
- Seek an <u>e-ruling from CBP</u> as early as possible and include it with your petition
- Prepare early, file early half of all petitions came in during the last 7 days, leaving little time for assistance



- Harmonized Tariff Schedule of the United States (HTS): <u>https://hts.usitc.gov/current</u>
- U.S. Customs and Border Protection:
 - Customs Rulings Online Search System (CROSS): <u>www.rulings.cbp.gov</u>
 - e-Rulings: <u>www.erulings.cbp.gov</u>
 - Informed Compliance Publications (ICPS):
 <u>https://www.cbp.gov/trade/rulings/informed-compliance-publications</u>
- DataWeb: <u>https://dataweb.usitc.gov/</u>



- What's Coming Up
 - Finalizing proposed rule amendments
 - Summer workshop series
 - Updating guidance
 - Portal Walk-Through session in October
- Where to go
 - For 2019 info: <u>www.usitc.gov/mtb_landing.htm</u>
 - For 2016 petitions and comments: <u>https://mtbps.usitc.gov</u>
 - For email updates: <u>https://www.usitc.gov/quicksubscribe.htm</u>
- Who to contact
 - mtbinfo@usitc.gov