June 2, 1998

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON WAYS AND MEANS OF THE UNITED STATES HOUSE OF REPRESENTATIVES ON PROPOSED TARIFF LEGISLATION[1]

Bill no.,sponsor, and sponsor's state: H. R. 3325 (105th Congress), Representative Neal (MA).

Companion bill: S. 1783 (105th Congress), Senator Bond (MO).[2]

Title as introduced: To suspend temporarily the duty on a certain chemical.

Summary of bill:[3]

This bill would temporarily suspend the most-favored-nation (MFN) duty on U.S. imports of triethyleneglycol bis(2-ethylhexanoate), CAS No. 94-28-0, as defined under subheading HTS 2915.90.50, until on or before December 31, 2000.

Effective date: The 15th day after enactment.

Retroactive effect: None.

Statement of purpose:

This legislation was introduced without sponsor comment in the *Congressional Record.*[4] However, background information was provided by the petitioner, Solutia Inc., St. Louis, MO. This chemical is a specialty plasticizer used by the petitioner in the production of polyvinyl butyral (PVB) interlayer for automotive and architectural safety glass. The plasticizer is produced in the United States for the petitioner by another U.S. firm based on an imported intermediate, 2-ethylhexanoic acid, and a domestically produced product, triethylene glycol. Beginning in 1999, the petitioner plans to also import this plasticizer from its plant currently under construction in the United Kingdom, and to begin purchases of 2-ethylhexanoic acid intermediate from domestic sources for production of the plasticizer in its U.S. toll facility. Although there are several domestic producers of this plasticizer in

[1] Industry analyst: Raymond Cantrell (205-3362); attorney: Leo Webb (205-2599).
[2] *Congressional Record,* S. 1783, Mar. 17, 1998, p. S2114.
[3] See appendix A for definitions of tariff and trade agreement terms.
[4] *Congressional Record,* H. R. 3325, Mar. 4, 1998, p. H850.

the United States, including Eastman Chemical and The C.P. Hall Co., the petitioner has reportedly imported raw material for the production of this product because no domestic source has been found having the very stringent requirements for PVB safety glass interlayer, where absolute purity and clarity are required.[5]

Product description and uses:

Triethyleneglycol, bis-(2-ethylhexanoate): This synthetic organic chemical is a plasticizer manufactured from triethyleneglycol and 2-ethylhexanoic acid. The material at room temperature is a clear mobile liquid with a mild odor. When compounded with PVB polymer, this plasticizer enhances structural and impact strength, and adhesive properties, while maintaining excellent clarity. These properties are ideally suited for PVB interlayer material, which is used in automotive and architectural safety glass. The plasticizer is also found in a wide variety of plastics and rubber products, where its synergistic effects impart unique characteristics.

Tariff treatment:[6]

Product	HTS subheading	Col. 1-general rate of duty
Triethyleneglycol, bis(2-ethylhexanoate)...............................	2915.90.50	3.8%.

Structure of domestic industry (including competing products):

Triethyleneglycol, bis(2-ethylhexanoate): There are several domestic producers of this product in the United States in addition to the petitioner's tolled conversion using an imported raw material. Eastman Chemical, C.P. Hall, and Teknor Apex are known to produce this plasticizer in commercial quantities for a variety of end-use products in the United States.

The DuPont Company produces domestic PVB interlayer material in direct competition with the petitioner using a different plasticizer. Each of the two PVB interlayer materials serve the same basic function in automotive and architectural safety glass, and are protected under registered trademarks.

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[5] Submissions from, and telephone interviews with Mr. Ruskin, Solutia, Inc., Washington, DC, and Mr. Enyart, Solutia, Inc., St. Louis, MO, Apr. 4, 1998.

[6] See appendix B for column 1-special and column 2 duty rates.

Private-sector views:

In addition to the petitioner, three firms known to produce the plasticizer or competitive products subject to this bill were contacted.[7] As of this date, one response has been received.[8]

U.S. consumption:

Triethyleneglycol, bis(2-ethylhexanoate):	1995	1996	1997
	(million dollars)		
U.S. production	([1])	([1])	([1])
U.S. imports	([1])	([1])	([1])
U.S. exports	([1])	([1])	([1])
Apparent U.S. consumption	([1])	([1])	([1])

[1]Data not available.

Principal import sources: Belgium, Germany, and Japan.
Principal export markets: Not available.

Effect on customs revenues:[9]

Future (1998-2000) effect:

	Estimated average annual revenue loss[10]		
	1998	1999	2000
	(1,000 dollars)		
Triethyleneglycol, bis(2-ethylhexanoate)	100	400	500

Retroactive effect: None.

Technical comments:

None.

[7] The C.P. Hall Co., Bedford Park, IL; Eastman Chemical, Kingsport, TN; and, DuPont, Wilmington, DE.
[8] See appendix C.
[9] Actual revenue loss may be understated if a significant increase in imports occurs during the duty suspension period.
[10] Commission estimates include the petitioner's import requirements in 1999 and 2000.

APPENDIX A

TARIFF AND TRADE AGREEMENT TERMS

In the **Harmonized Tariff Schedule of the United States** (HTS), chapters 1 through 97 cover all goods in trade and incorporate in the tariff nomenclature the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description. Subordinate 8-digit product subdivisions, either enacted by Congress or proclaimed by the President, allow more narrowly applicable duty rates; 10-digit administrative statistical reporting numbers provide data of national interest. Chapters 98 and 99 contain special U.S. classifications and temporary rate provisions, respectively. The HTS replaced the Tariff Schedules of the United States (TSUS) effective January 1, 1989.

Duty rates in the **general** subcolumn of HTS column 1 are most-favored-nation (MFN) rates, many of which have been eliminated or are being reduced as concessions resulting from the Uruguay Round of Multilateral Trade Negotiations. Column 1-general duty rates apply to all countries except those enumerated in HTS general note 3(b) (Afghanistan, Cuba, Laos, North Korea, and Vietnam), which are subject to the statutory rates set forth in **column 2**. Specified goods from designated MFN-eligible countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the **special** subcolumn of HTS rate of duty column 1 or in the general notes. If eligibility for special tariff rates is not claimed or established, goods are dutiable at column 1-general rates. The HTS does not enumerate those countries as to which a total or partial embargo has been declared.

The **Generalized System of Preferences** (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 for 10 years and extended several times thereafter, applies to merchandise imported on or after January 1, 1976 and before the close of June 30, 1998. Indicated by the symbol "A", "A*", or "A+" in the special subcolumn, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 4 to the HTS.

The **Caribbean Basin Economic Recovery Act** (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984. Indicated by the symbol "E" or "E*" in the special subcolumn, the CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries, as set forth in general note 7 to the HTS.

Free rates of duty in the special subcolumn followed by the symbol "IL" are applicable to products of Israel under the **United States-Israel Free Trade Area Implementation Act** of 1985 (IFTA), as provided in general note 8 to the HTS.

Preferential nonreciprocal duty-free or reduced-duty treatment in the special subcolumn followed by the symbol "J" or "J*" in parentheses is afforded to eligible articles the product of designated beneficiary countries under the **Andean Trade Preference Act** (ATPA), enacted as title II of Public Law 102-182 and implemented by Presidential Proclamation 6455 of July 2, 1992 (effective July 22, 1992), as set forth in general note 11 to the HTS.

Preferential or free rates of duty in the special subcolumn followed by the symbol "CA" are applicable to eligible goods of Canada, and rates followed by the symbol "MX" are applicable to eligible goods of Mexico, under the **North American Free Trade Agreement**, as provided in general note 12 to the HTS and implemented effective January 1, 1994 by Presidential Proclamation 6641 of December 15, 1993. Goods must originate in the NAFTA region under rules set forth in general note 12(t) and meet other requirements of the note and applicable regulations.

Other special tariff treatment applies to particular **products of insular possessions** (general note 3(a)(iv)), **products of the West Bank and Gaza Strip** (general note 3(a)(v)), goods covered by the **Automotive Products Trade Act** (APTA) (general note 5) and the **Agreement on Trade in Civil Aircraft** (ATCA) (general note 6), **articles imported from freely associated states** (general note 10), **pharmaceutical products** (general note 13), and **intermediate chemicals for dyes** (general note 14).

The **General Agreement on Tariffs and Trade 1994** (GATT 1994), pursuant to the Agreement Establishing the World Trade Organization, is based upon the earlier GATT 1947 (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) as the primary multilateral system of disciplines and principles governing international trade. Signatories' obligations under both the 1994 and 1947 agreements focus upon most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, dispute settlement, and other measures. The results of the Uruguay Round of multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX.

Pursuant to the **Agreement on Textiles and Clothing** (ATC) of the GATT 1994, member countries are phasing out restrictions on imports under the prior "Arrangement Regarding International Trade in Textiles" (known as the **Multifiber Arrangement** (MFA)). Under the MFA, which was a departure from GATT 1947 provisions, importing and exporting countries negotiated bilateral agreements limiting textile and apparel shipments, and importing countries could take unilateral action in the absence or violation of an agreement. Quantitative limits had been established on imported textiles and apparel of cotton, other vegetable fibers, wool, man-made fibers or silk blends in an effort to prevent or limit market disruption in the importing countries. The ATC establishes notification and safeguard procedures, along with other rules concerning the customs treatment of textile and apparel shipments, and calls for the eventual complete integration of this sector into the GATT 1994 over a ten-year period, or by Jan. 1, 2005.

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APPENDIX B

SELECTED PORTIONS OF THE
HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES

(Appendix not included in the electronic version of this report.)

APPENDIX C

OTHER ATTACHMENTS

(Appendix not included in the electronic version of this report.)

I

105TH CONGRESS
2D SESSION

H. R. 3325

To suspend temporarily the duty on a certain chemical.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 1998

Mr. NEAL of Massachusetts introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on a certain chemical.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TEMPORARY SUSPENSION OF DUTY.

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

"	9902.32.50	triethyleneglycol bis(2-ethyl hexanoate) (CAS No. 94–28–0) (provided for in subheading 2915.90.50)	Free	No change	No change	On or before 12/31/2000	".

(b) EFFECTIVE DATE.—The amendment made by this section applies with respect to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

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