

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<sup>1</sup>

Bill no., sponsor, and sponsor's state: H.R. 3424 (105th Congress), Representative LaHood (IL).

Companion bill: None.

Title as introduced: To provide for reductions in duty for the chemical Rimsulfuron Technical.

Summary of bill:<sup>2</sup>

The bill would sequentially reduce through December 31, 1999, and then suspend through December 31, 2000, the column 1-general rate of duty on rimsulfuron technical.

Effective date: 15 days after the bill's date of enactment.

Retroactive effect: None.

Statement of purpose:

The sponsor, Representative LaHood, stated in the *Congressional Record* that:

Enactment will increase this company's ability to compete in a highly competitive U.S. agricultural market. These bills will also improve the environment, because the products involved are used in lower concentrations than chemicals used today, and they break down quicker in the environment than the older generation of products. Suspension of the duty on these products will have a positive effect on U. S. companies, because they are not currently made in the United States.<sup>3</sup>

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<sup>1</sup>Industry analyst: Cynthia Trainor (205-3354); attorney: Leo Webb (205-2599).

<sup>2</sup>See appendix A for definitions of tariff and trade agreement terms.

<sup>3</sup>Statement of Representative LaHood, *Congressional Record*, Mar. 10, 1998, p. E339.

Product description and uses:

N-[[[(4,6-dimethoxy -2-pyrimidinyl) amino]carbonyl]-3-(ethylsulfonyl) -2-pyridinesulfonamide:<sup>4</sup>

The subject chemical (also known by the common name rimsulfuron) is a synthetic organic chemical produced through a series of complex chemical reactions. The chemical is the active ingredient in BASIS®, a DuPont Agricultural Products' registered and trademarked postemergence herbicide product formulation primarily used for weed control in corn.

Tariff treatment:<sup>5</sup>

<u>Product</u>	<u>HTS subheading</u> <sup>4</sup>	<u>Col. 1-general rate of</u>
N-[[[(4,6-dimethoxy -2-pyrimidinyl) amino] carbonyl]-3-(ethylsulfonyl)-2-pyridinesulfonamide..... ad val.	2935.00.75	10.7%

Structure of domestic industry (including competing products):

N-[[[(4,6-dimethoxy -2-pyrimidinyl) amino]carbonyl]-3-(ethylsulfonyl) -2-pyridinesulfonamide:

There was no U.S. production of the subject chemical during 1995-97. Although there is no chemical regarded by industry representatives as directly competitive with the subject chemical when it is used to produce the end-use product, BASIS®, other U.S. herbicide producers manufacture products that are considered to compete with BASIS®.

Competing products:

Exceed®--this product contains the active ingredient(s) primisulfuron-methyl plus prosulfuron and is a registered trademark selective systemic postemergence herbicide for broad-spectrum control of broadleaved weeds in corn; formulated by Novartis Crop Protection (St. Gabriel, LA) (formerly Ciba-Geigy Corp.) from imported active ingredients.

Permit®--this product contains the active ingredient halosulfuron-methyl and is a registered trademark sulfonylurea pre- and postemergence herbicide for control of annual broadleaf weeds and nutsedge in corn and other crops; formulated by Monsanto Corp. (St. Louis, MO).

Doubleplay®--this product contains an active ingredient with the common name of acetochlor plus EPTC(s-ethyl dipropylthiocarbamate) and is a registered trademark preplant herbicide for field corn and popcorn; produced and formulated by Zeneca Ag Products (Muscatine, Iowa and

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<sup>4</sup> See technical comments section.

<sup>5</sup> See appendix B for column 1-special and column 2 duty rates.

Cold Creek, AL respectively).

Private-sector views:

The Commission contacted three companies which produce products considered to compete with the subject chemical.<sup>6</sup> The companies had not submitted any written comments as of the date of preparation of this report.

U.S. consumption:

N-[[[4,6-dimethoxy -2-pyrimidinyl) amino]carbonyl]- 3-(ethylsulfonyl)-2-pyridinesulfonamide:	<u>1995</u>	<u>1996</u>	<u>1997</u>
	-----(\$1,000)-----		
U.S. production.....	0	0	0
U.S. imports <sup>1</sup> .....	0	( <sup>2</sup> )	( <sup>2</sup> )
U.S. exports.....	0	0	0
Apparent U.S. consumption.....	0	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup>Estimated by E.I. duPont de Nemours & Co., Inc.

<sup>2</sup>Not publicly available. This chemical is classified in a residual, or "basket," HTS subheading.

Principal import sources: France.

Principal export markets: None.

Effect on customs revenue:<sup>7</sup>

Future (1998-2000) effect: Actual dutiable imports of this product are not publicly available. However, according to a representative of DuPont,<sup>8</sup> the estimated average annual revenue loss is expected to be less than \$300,000.

Retroactive effect: Not applicable.

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<sup>6</sup>Telephone conversations with Ms. Haller of Novartis Crop Protection, with Mr. Helscher of Monsanto Corp; and with Dr. Ready of Zeneca Ag Products, on Apr. 23, 1998.

<sup>7</sup>Actual revenue loss may be understated if a significant increase in imports occurs during the duty suspension period.

<sup>8</sup>Written submission from Mr. Heine of DuPont to the Commission on March 30, 1998.

Technical comments:

The Commission suggests that the chemical nomenclature for rimsulfuron be presented as N-[[[(4,6-dimethoxy-2-pyrimidinyl)amino]carbonyl]-3-(ethylsulfonyl)-2-pyridinesulfonamide and that inserting the Chemical Abstracts Service (CAS) registry number for the subject chemical, CAS No. 122931-48-0, in the article description would ease the burden on Customs officials examining import documentation. The U.S. Customs Service suggests that the HTS subheading classification for the subject chemical is 2935.00.75;<sup>9</sup> therefore, the Commission suggests that HTS subheading 2935.00.75 be substituted for HTS subheading 2933.59.10 in the bill's article description. If the bill is favorably reported by the Committee, it should be amended to insert a new heading in chapter 99 of the HTS.

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<sup>9</sup>Telephone conversations with Mr. Kuperstein of the U.S. Customs Service on Apr. 23 and 24, 1998.

## 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.

Rev. 8/12/97

**APPENDIX B**

**SELECTED PORTIONS OF THE  
HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES**

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

105TH CONGRESS  
2D SESSION

# H. R. 3424

To provide for reductions in duty for the chemical Rimsulfuron Technical.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 1998

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

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## A BILL

To provide for reductions in duty for the chemical  
Rimsulfuron Technical.

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. REDUCTION IN DUTIES FOR RIMSULFURON**  
4 **TECHNICAL.**

5 (a) REDUCTION IN DUTIES.—Notwithstanding any  
6 other provision of law, the general column rate of duty  
7 for the article described in subsection (b) shall be—

8 (1) 8.0% for goods entered, or withdrawn from  
9 warehouse for consumption, during the period begin-  
10 ning on the 15th day after the date of the enactment  
11 of this Act and ending December 31, 1998;

