Bill No. and sponsor: H.R. 1537 (Mr. Coble)

Proponent name, location: The National Paint and Coatings Association
Washington, DC 20005

Other bills on product (109th Congress only): S. 1254 (Ms. Dole).


Retroactive effect: None.

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

Cellulose nitrates (nitrocellulose, including collodions) (provided for in subheading 3912.20.00)

Check one: 

- Same as that in bill as introduced
- X Different from that in bill as introduced (explain differences in Technical comments section)

Product information, including uses/applications and source(s) of imports:

Nitrocellulose (NC) is a white, free-flowing, granular polyester resin produced by nitrating cellulose with a mixture of nitric and sulfuric acids. NC is made in both industrial and propellant (explosives) grades. Industrial grade nitrocellulose (INC) is produced in a wide range of molecular weights, with a nitrogen content of 10.8 to 12.2 percent, while propellant grade nitrocellulose (PNC) contains more than 12.2 percent nitrogen. To prevent fire and explosion, INC is typically blended with 30 percent isopropanol and sealed in 55-gallon drums; propellant grade material is blended with 30 percent water and sealed in 55-gallon drums. INC is used chiefly in solvent-base lacquers for furniture finishes, printing inks, fingernail polish, adhesives, and other applications. PNC is used militarily and commercially in weaponry and in dynamite explosives. In 2004, twelve countries shipped NC in all forms to the United States: Germany, Taiwan, the United Kingdom, France, Czech Republic, and Brazil, in order of importance; with minor quantities from India, China, Spain, Sweden, Ireland, and Canada. The only known active NC production facility in the United States is a Government-owned plant at Radford, VA, run by Alliant Tech Systems that produces military-grade, PNC smokeless powder.3

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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 www.usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.
3 Greentree Chemical Technologies closed its INC/PNC plant at Parlin, NJ, in Nov. 2003. Hercules, Inc., the former owner, has taken over all assets for cleanup and dismantling of the former nitrocellulose production facility.
## Estimated effect on customs revenue:

<table>
<thead>
<tr>
<th>HTS subheading: 3912.20.00 1/</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Col. 1-General rate of duty (AVE) 2/</td>
<td>5.2%</td>
<td>5.2%</td>
<td>5.2%</td>
<td>5.2%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Estimated value <strong>dutiable</strong> imports</td>
<td>$54,500,000</td>
<td>$56,000,000</td>
<td>$57,800,000</td>
<td>$59,500,000</td>
<td>$61,300,000</td>
</tr>
<tr>
<td>Customs revenue loss 3/</td>
<td>$2,834,000</td>
<td>$2,912,000</td>
<td>$3,005,600</td>
<td>$3,094,000</td>
<td>$3,187,600</td>
</tr>
</tbody>
</table>

1/ On August 18, 2004, the International Trade Administration, U.S. Department of Commerce, announced the revocation of existing antidumping duty orders on industrial nitrocellulose from Brazil, Germany, Korea, Japan, the PRC, and the UK, retroactive to July 1, 2003, because there was no longer a domestic producer. Additionally, the antidumping duty order on industrial nitrocellulose from France was revoked effective August 1, 2003. 69 FR 52231.

2/ 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.

3/ Includes both industrial and propellant (explosives) grades of nitrocellulose.

Source of estimated dutiable import data: Commission estimates based on confidential industry supply/demand data and year-to-date (Jan - Apr) import data for 2005.

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

<table>
<thead>
<tr>
<th>Name of firm/organization</th>
<th>Date contacted</th>
<th>US production of same or competitive product claimed?</th>
<th>Submission attached?</th>
<th>Opposition noted?</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Paint and Coatings Association (Proponent) Phone: (202) 345-2717</td>
<td>6/10/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Bayer Corporation Ms. Karen L. Niedermeyer Phone: (412) 777-2058</td>
<td>6/16/2005</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Chemical Solutions Company Mr. Ed McCrossin Phone: (302) 234-4275</td>
<td>6/16/2005</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

Technical comments:⁴

The Commission suggests that the article description on page 1 be used in the proposed new heading, as it reflects a description to include the various forms of cellulose nitrates, including collodions.

The Commission also suggests that “No change” be inserted in lieu of “Free” in the Special subcolumn of the proposed new heading.

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⁴ 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.
IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2005

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

A BILL

To suspend temporarily the duty on nitrocellulose.

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

SECTION 1. NITROCELLULOSE.

(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:

| 9902.39.13 | Cellulose nitrate (nitrocellu-
| | lose, including collodions) (provided for in subheading 3912.20.00) | Free | Free | No change | On or before 12/31/2009 |

(b) Effective Date.—The amendment made by subsection (a) applies to articles entered, or withdrawn
from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.