MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress

[Date approved: November 8, 2005]

Bill No. and sponsor: H.R. 2381 (Mrs. Sue Myrick of North Carolina).

Proponent name, location: Celanese Corporation, Washington, DC.

Other bills on product (109th Congress only): H.R. 2445.


Retroactive effect: None.

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

p-Hydroxybenzoic acid (PHBA) (CAS No. 99-96-7) (provided for in subheading 2918.29.22).

Check one:

X 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:

PHBA, p-hydrobenzoic acid, is a synthetic organic chemical used as a raw material to produce liquid crystal polymers. PHBA is also used in foods, pharmaceuticals, cosmetics, and other products to kill micro-organisms that may damage these products. The proponent currently imports this product from Germany. China, Hong Kong, Japan, Taiwan, and India have also supplied PHBA to the U.S. market.

Industry analyst preparing report: Ed Cappuccilli (202-205-3368); Tariff Affairs contact: Dave Michels (202-205-3440).

Estimated effect on customs revenue:

<table>
<thead>
<tr>
<th>HTS subheading: 2918.29.22</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</td>
<td>6.5%</td>
<td>6.5%</td>
<td>6.5%</td>
<td>6.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Estimated value duties imports1/</td>
<td>$13,500,000</td>
<td>$15,000,000</td>
<td>$15,000,000</td>
<td>$15,000,000</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Customs revenue loss 2/</td>
<td>$459,000</td>
<td>$510,000</td>
<td>$510,000</td>
<td>$510,000</td>
<td>$510,000</td>
</tr>
</tbody>
</table>

1/ p-Hydroxybenzoic acid is the sole chemical entering in subheading 2918.29.22; estimated value of dutiable imports is based on value of the total import category.

2/ The estimated Customs revenue loss results from a difference between the rate of duty shown and the proposed reduced rate of 3.1%. The Commission notes that the subject chemical is eligible for a duty suspension under HTS heading 9902.29.03 that expires on December 31, 2006. Source of estimated dutiable import data: Industry estimates and Commission estimates.

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>Celanese Corporation (Proponent) Bob Carpenter 202-637-3469</td>
<td>9/19/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Abbott Laboratories Elaine Leavenworth fax: 202-783-6631</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Bayer Karen Niedermeyer fax: 412-777-4740</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Bayer Julie Von Egmund fax: 202-737-8908</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Biddle Sawyer William Thonack fax: 212-239-1089</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Ciba Specialty Chemicals John Deming fax: 302-479-5152</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Clariant Corp. Andrew Zamoyski fax: 401-823-2700</td>
<td>9/13/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
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.

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Technical comments:

The Commission suggests that the article description on page 1 of this report be used in the proposed new heading as it reflects wishes by the proponent to conform to the revenue loss cap for all grades of PHBA.
H. R. 2381

To reduce temporarily the duty on PHBA.

IN THE HOUSE OF REPRESENTATIVES

MAY 16, 2005

Mrs. MYRICK introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To reduce temporarily the duty on PHBA.

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

SECTION 1. PHBA.

(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:

9902.12.01 PHBA (p-hydroxybenzoic
acid), of a kind used in the
production of liquefied crys-
tal polymer (LPC) (CAS No.
99–96–7) (provided for in
subheading 2918.29.22) ...... 3.1% No change No change On or before 12/31/2008 ".
(b) Effective Date.—The amendment made by subsection (a) applies to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of enactment of this Act.