

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 111th Congress¹**

[Date approved: April 29, 2010]²

Bill No. and sponsor: S. 2137 (Mr. Lamar Alexander of Tennessee et al.).

Proponent name,³ location: Eastman Chemical Co., Kingsport, TN.

Other bills on product (111th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2011.

Retroactive effect: None.

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

Rosin, polymerized, ester with pentaerythritol (CAS No. 65997-12-8) (provided for in subheading 3806.30.00).

Check one: 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:

The subject product is an ester gum. Ester gums are usually semi-synthetic products of rosin and a polyhydric alcohol that are used in paints, varnishes, and cellulosic lacquers. Most imports of ester gums are from Mexico⁴ and China.

Estimated effect on customs revenue for the subject product classifiable in HTS subheading 3806.30.00:

	2010	2011	2012	2013	2014
Col. 1-General rate of duty					
Col. 1-General rate of duty	6.5%	6.5%	6.5%	6.5%	6.5%
Estimated value <i>dutiable</i> imports ^a	\$64,000	\$64,000	\$64,000	\$64,000	\$64,000
Customs revenue loss ^b	\$4,160	\$4,160	\$4,160	\$4,160	\$4,160

a/ Dutiable import estimates were provided by industry sources.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

¹ Industry analyst preparing report: Robert Randall (202-205-3366); Tariff Affairs contact: David Michels (202-205-3440).

² Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.

³ The sponsor/proponent did not identify any additional beneficiaries of this bill.

⁴ Imports of the subject product from Mexico are eligible for duty-free treatment under NAFTA.

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

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Eastman Chemical Co. (Proponent) Brent Perry, 202-347-9547	01/26/2010	No	No	No
Akzo Nobel Resins Product Manager, Fax: 912-367-5754	01/31/2009	No	No	No
Arizona Chemical Co., Inc. Mike Husain, 912-238-7455	01/31/2009	Yes	Yes	Yes
J.H. Calo Company, Inc. Product Manager, Fax: 516-832-7758	01/31/2009	No	No	No
Crowley Chemical Co. Product Manager, Fax: 212-953-3487	01/31/2009	No	No	No
Del Amo Chemical Co. Product Manager, Fax: 310-719-1342	01/31/2009	No	No	No
Ecolink, Inc. Product Manager, Fax: 770-621-8245	01/31/2009	No	No	No
Georgia-Pacific Resins Product Manager, Fax: 404-749-2682	01/31/2009	No	No	No
Hercules, Inc. Product Manager, Fax: 302-594-6664	01/31/2009	No	No	No
International Paper Co. Product Manager, Fax: 203-541-8200	01/31/2009	No	No	No
Lonza, Inc. Product Manager, Fax: 201-795-9989	01/31/2009	No	No	No
Loos & Dilworth, Inc. Product Manager, Fax: 215-785-3597	01/31/2009	No	No	No
Mil-Spec Industries Corp. Product Manager, Fax: 516-625-0988	01/31/2009	No	No	No
Natrochem, Inc. Product Manager, Fax: 912-236-1919	01/31/2009	No	No	No
Naval Stores Co. of New York Product Manager, Fax: 914-664-9383	01/31/2009	No	No	No
Roger A. Reed, Inc. Product Manager, Fax: 781-942-1831	01/31/2009	No	No	No
Resinall Corporation Henry Boswell, 252-585-1445	01/31/2009	No	No	No
Rit-Chem Co., Inc. Product Manager, Fax: 914-769-1408	01/31/2009	No	No	No

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Frank B. Ross Co. Product Manager, Fax: 732-669-0814	01/31/2009	No	No	No
Sovereign Chemical Co. Product Manager, Fax: 330-869-0518	01/31/2009	No	No	No
Sovereign Products Inc. Product Manager, Fax: 718-852-5616	01/31/2009	No	No	No
Westvaco Corp. Product Manager, Fax: 843-740-2147	01/31/2009	No	No	No

Note: Domestic firms and organizations were identified using company directories and internet research. Individual contacts at each firm or organization were not identified.

Technical comments:⁵

The Commission staff suggests that the article description on page 1 of this report be used in the proposed new heading in order to provide a more defined chemical name.

⁵ 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.

From: Mike.Husain@azchem.com
Sent: Tuesday, February 16, 2010 8:56 AM
To: Randall, Robert
Cc: Pam.Simmons@azchem.com
Subject: Arizona Chemical Response to CAS No. 65997-12-8 Temporary Duty Suspension Inquiry

Thank you for our discussion on February 12, which helped clarify this process. Attached is the AZC rebuttal of the Eastman proposal.

Arizona Chemical is a domestic producer of phenolic modified rosins (confidential CAS number, 3806.30.0000 Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums: ester gum) which compete with Rosin, polymerized, ester with pentaerythritol (CAS No. 65997-12-8). Accordingly, we object to a duty suspension for the above referenced CAS No. The duty suspension will likely serve to increase the trade imbalance with China, as the AZC products primarily compete with Chinese products on small margin differences.

We also object to the rationale that the US naval stores industry's decline is a reason to grant a suspension. Though industry consolidation has naturally occurred over the years, productivity and efficiency improvements are the replacement. Crude tall oil (CTO) fractionation is a barometer of the naval stores industry, and it is occasionally published in trade journals. Our knowledge of publicly available United States data show the 1981 CTO fractionation capacity was listed as 936,000 tons/annum (Pulp Chemicals Association) compared to the 2001 capacity (International Development Associates) of 889,000 tons/annum. Accordingly, the data do not support the conclusion of a precipitous decline in the US naval stores industry.

There is no known benefit to Arizona Chemical if the duty suspension is granted. To the contrary, we believe that it would damage Arizona Chemical.

Arizona Chemical has no formal affiliation with Eastman Chemical Company, though we are both members of the Pine Chemical Association and operate chemical businesses in the US. It is our understanding that Eastman permanently idled their small CTO fractionation in 2008.

Mike Husain
North American Sustainability Director
Phone (912) 238-7455
Cell (912) 655-4562
Savannah, GA 31415

111TH CONGRESS
1ST SESSION

S. 2137

To suspend temporarily the duty on Pentalyn C.

IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 2009

Mr. ALEXANDER (for himself and Mr. CORKER) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To suspend temporarily the duty on Pentalyn C.

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. PENTALYN C.**

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

“	9902.01.00	Gums esterified with penta- erythritol (CAS No. 65997- 12-8) (provided for in sub- heading 3806.30.00)	Free	No change	No change	On or before 12/31/2011	”.
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8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to goods entered, or withdrawn from

- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of enactment of this Act.

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