

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 109<sup>th</sup> Congress<sup>1</sup>**

[Date approved: November 8, 2005]<sup>2</sup>

**Bill No. and sponsor:** H.R. 2445 (Mr. Tim Murphy of Pennsylvania).

**Proponent name, location:** LANXESS Corp., Pittsburgh, PA.

**Other bills on product (109<sup>th</sup> Congress only):** H.R. 2381.<sup>3</sup>

**Nature of bill:** Extension of temporary duty suspension through December 31, 2009.

**Retroactive effect:** None.

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

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

**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:**

p-Hydroxybenzoic acid is an organic chemical used to produce liquid crystal diode (LCD) polymers. It is also used in foodstuffs, pharmaceuticals, cosmetics, and other products to kill micro-organisms that may damage these products. The product is imported from Japan, Taiwan, China, Germany, Hong Kong, and India.

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<sup>1</sup> Industry analyst preparing report: Eric Land (202-205-3349); Tariff Affairs contact: Dave Michels (202-205-3440).

<sup>2</sup> Access to an electronic copy of this memorandum is available at [http://usitc.gov/tata/hts/other/rel\\_doc/bill\\_reports/index.htm](http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm).

<sup>3</sup> H.R. 2381 (Mrs. Sue Myrick, NC) would reduce the duty on p-hydroxybenzoic acid to 3.1% until 12/31/2008.

**Estimated effect on customs revenue:**

| <b>HTS subheading: 2918.29.22</b>                     |              |              |              |              |              |
|---|--------------|--------------|--------------|--------------|--------------|
|   | 2005         | 2006         | 2007         | 2008         | 2009         |
| Col. 1-General rate of duty                           | 6.5%         | 6.5%         | 6.5%         | 6.5%         | 6.5%         |
| Estimated value <i>dutiable</i> imports <sup>1/</sup> | \$13,500,000 | \$15,000,000 | \$15,000,000 | \$15,000,000 | \$15,000,000 |
| Customs revenue loss <sup>2/</sup>                    | \$877,500    | \$975,000    | \$975,000    | \$975,000    | \$975,000    |

<sup>1/</sup> p-Hydroxybenzoic acid is the sole chemical entering in subheading 2918.29.22. Partial-year trade data for January- July 2005 indicate a number of companies importing this product from a number of different sources, principally Japan, Taiwan, China, Germany, and Hong Kong. Only about 26 percent of imports under this subheading were entered under duty-free provisions during this period.

<sup>2/</sup> Estimated revenue loss for 2005 and 2006 results from a current suspension of duty per heading 9902.29.03, which expires December 31, 2006.

Source of estimated dutiable import data: Industry estimates and Commission estimates.

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

| Name of firm/organization  | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|--|----------------|---|----------------------|-------------------|
|  |                |   | (Yes/No)             |                   |
| LANXESS Corporation (proponent)<br>Steve Ziehm e-mail: sziehm@ibgc.com             | 9/13/2005      | No  | No                   | No                |
| Abbott Laboratories<br>Elaine Leavenworth fax: 202-783-6631                        | 9/13/2005      | No  | No                   | No                |
| Bayer<br>Karen Niedermeyer fax: 412-777-4740<br>Julie Von Egmund fax: 202-737-8908 | 9/13/2005      | No  | No                   | No                |
| Biddle Sawyer<br>William Thonack fax: 212-239-1089                                 | 9/13/2005      | No  | No                   | No                |
| Ciba Specialty Chemicals<br>John Deming fax: 302-479-5152                          | 9/13/2005      | No  | No                   | No                |
| Clariant Corp.<br>Andrew Zamoycki fax: 401-823-2700                                | 9/13/2005      | No  | No                   | No                |

|   |           |    |    |    |
|---|-----------|----|----|----|
| E.I. DuPont<br>Nancy Johnson fax: 202-728-3649<br>Helen McMahon fax: 302-774-1398<br>Elaine Olson fax: 302-892-7343 | 9/13/2005 | No | No | No |
| Eastman Chemical Co.<br>Greg Riddle fax: 703-524-7707<br>Jorge SanPedro fax: 703-524-7707                           | 9/13/2005 | No | No | No |
| Honeywell International<br>Art Simonetti fax: 202-662-2675  | 9/13/2005 | No | No | No |
| Noveon<br>Tom Dirmyer fax: 214-415-6001   | 9/13/2005 | No | No | No |
| Monsanto Corp.<br>Michael Parrish fax: 202-789-1867<br>Linda Strachan fax: 202-789-1867                             | 9/13/2005 | No | No | No |
| Rhodia<br>Dominick Cangiana fax: 609-860-1841   | 9/13/2005 | No | No | No |
| Solutia<br>Sue Cannon fax: 314-674-1585<br>Dan Jenkins fax: 314-674-1585  | 9/13/2005 | No | No | No |
| Uniroyal Chemical Company<br>Lloyd Moon fax: 203-573-4430   | 9/13/2005 | No | No | No |

**Technical comments:<sup>4</sup>**

The Commission notes that the word “Free” should be deleted from the special subcolumn of HTS heading 9902.29.03.

<sup>4</sup> 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.

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2445

To extend the temporary suspension of duty on PHBA.

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IN THE HOUSE OF REPRESENTATIVES

MAY 18, 2005

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

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## A BILL

To extend the temporary suspension of duty on PHBA.

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. PHBA.**

4       (a) **IN GENERAL.**—Heading 9902.29.03 of the Har-  
5       monized Tariff Schedule of the United States (relating to  
6       PHBA) is amended by striking “12/31/2006” and insert-  
7       ing “12/31/2009”.

8       (b) **EFFECTIVE DATE.**—The amendment made by  
9       subsection (a) applies to goods entered, or withdrawn from  
10      warehouse for consumption, on or after the 15th day after  
11      the date of enactment of this Act.