

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON FINANCE OF THE UNITED STATES  
SENATE ON PROPOSED TARIFF LEGISLATION <sup>1</sup>

[Date approved: May 19, 2000]<sup>2</sup>

**Bill No.:** S. 1506; 106<sup>th</sup> Congress

Introduced by: Mr. THURMOND<sup>3</sup>

Similar and/or related<sup>4</sup> bills: H.R. 2147, 106<sup>th</sup> Congress

Summary of the bill:<sup>5</sup>

The bill would suspend the general rate of duty<sup>6</sup> on--

Cyclic olefin copolymer resin (CAS No. 26007-43-2) (provided for in heading 3902.90.00)

Effective: The 15th day after the date of enactment.

Through: December 31, 2002

Retroactive effect: None.

*[The remainder of this memorandum is organized in five parts: (1) information about the bill's proponent(s) and the product which is the subject of this bill; (2) information about the bill's revenue effect; (3) contacts by Commission staff during preparation of this memorandum; (4) information about the domestic industry (if any); and (5) technical comments.]*

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<sup>1</sup> International trade analyst: Raymond L. Cantrell (202-205-3362); Nomenclature analyst: Dave Beck (202-205-2603).

<sup>2</sup> Access to an electronic copy of this memorandum is available at <http://www.usitc.gov/billrpts.htm>. Access to a paper copy is available at the Commission's Law Library (202-205-3287) or at the Commission's Main Library (202-205-2630).

<sup>3</sup> See Mr. Thurmond's attached comments from the Congressional Record (appendix C).

<sup>4</sup> "Similar bills" are bills in the other House, in the current Congress, which address, at least in part, the substance of this bill. "Related bills" are bills in the **same** House, in the current Congress, but which are either earlier (or later) in time than the bill which is the subject of this memorandum.

<sup>5</sup> The product nomenclature is as set forth in the bill. See technical comments for suggested changes (if any).

<sup>6</sup> See appendix A for definitions of tariff and trade agreement terms.

– THE PROPONENT AND THE IMPORTED PRODUCT –

The proponent firm/organization(s)			
Name of firm	Location contacted (city/state)	Date contacted	Response (Y/N) <sup>7</sup>
Celanese	Arlington, VA	3/30/00	No
Ticona	Summit, NJ	4/4/00	Yes

Does the proponent plan **any** further processing or handling<sup>8</sup> of the subject product after importation to its facilities in the United States (Y/N): Yes<sup>9</sup>

If “Yes,” provide location of this facility if different from above (city/state): n/a

If “No,” provide location of proponent’s headquarters or other principal facility if different from above (city/state): n/a

The imported product	
Description and uses	Country(s) of origin
Topas® is a new cyclic olefin copolymer (COC) engineering thermoplastic resin manufactured as a reaction product of norbornene (bicyclo[2,2,1]-2-heptene) and ethylene, using patented metallocene catalyst technology. The resin is an amorphous, low-density polymer having high transparency, low water absorption, high water vapor barrier resistance, excellent bio-compatibility, good electrical insulator properties, very good hydrolysis resistance and resistance to acids and alkalis, high rigidity, strength and hardness. Typical uses include pharmaceutical blister packaging, syringes and bottles; barrier films and shrink sleeves in food packaging; cameras, displays, mirrors and reflectors in the optics industry; capacitor films in electronics; structural applications in housings; glass-reinforced components; electrical parts; high-temperature applications; and as color toner binder materials for office machines.	Japan; Germany <sup>10</sup>

<sup>7</sup> Non-confidential written responses received prior to approval of this report by the Commission, if any, will be included in appendix C.

<sup>8</sup> The phrase “further processing or handling” can include repackaging, storage or warehousing for resale, etc.

<sup>9</sup> The resin is currently imported from a small pilot plant facility in Japan for Ticona marketing development purposes primarily in NJ, NY, MA, and AZ. In the future, the product may be trial marketed in NC, OH, WI, and IA, among others.

<sup>10</sup> A commercial scale plant in Germany is under construction and scheduled onstream by late-2000.

[Note: This section is divided in two parts. The first table addresses the effect on customs revenue based on the duty rate for the HTS number recommended by the Commission (if a different number has been recommended). Five-year estimates are given based on Congressional Budget Office period, the rate for each period is stated separately.]

<i>used in the bill</i>					11
		2002		2004	
<del> </del>					
General rate of 12 13		6.5%		6.5%	
Estimated value imports		\$6,660,000		\$14,356,920	
Customs	\$379,100		\$549,200		\$1,166,800

<i>recommended by the Commission</i>					14
		2002		2004	
<del> </del>					
General rate of					
Estimated value imports					
revenue loss					

<sup>11</sup> The HTS number is as set forth in the bill. See technical comments for suggested changes (if any).

<sup>12</sup> See appendix B for column 1-special and column 2 duty rates.

<sup>13</sup> AVE is ad valorem equivalent expressed as percent. Staged rates may be found at: <http://dataweb.usitc.gov>

<sup>14</sup> If a different HTS number is recommended, see technical comments.

Contacts with firms or organizations		the proponents	
	Location contacted (city/state_	Date contacted	15
	Pittsburgh, PA		No
	Midland, MI		No
	Washington, DC		Yes
	VA		No
	Philadelphia, PA		No

[  
received by the Commission which assert that \_\_\_\_\_ is produced in the United  
confidential written submissions received by the Commission which assert either that (1) the imported  
**may compete**  
standard commercial terms. All submissions received by the Commission in connection with this bill  
this memorandum, make any statement concerning the validity of these claims.

Statements concerning current U.S. production			
	Name of firm	o production facility	
None.			

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<sup>15</sup> Non-confidential written responses received prior to approval of this report by the Commission, if any, will be included in appendix D. Only statements submitted in connection with **this** bill will be included in the appendix.

Name of product		Location of U.S.	Date received
	GE Plastics	Burkville, AL	

– TECHNICAL COMMENTS –

*amendments to subchapter II of chapter 99 of the HTS) should be limited to rather than ten digits. pursuant to 19 U.S.C. 1484(f) and are not generally referenced in statutory enactments.]*

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we would expand the description to the following :

(provided for in subheading 3902.90.00)”

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*Recommended changes to any Color Index names in the bill (if given)*

None.

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n/a

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<sup>16</sup> The Commission may express an opinion concerning the HTS classification of a product to facilitate the Committee’s consideration of the bill, but the Commission also notes that, by law, the U.S. Customs Service is the only agency authorized to issue a binding ruling on this question. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

## 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 normal trade relations 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 listed in HTS general note 3(b) (Afghanistan, Cuba, Laos, North Korea, and Vietnam) plus Serbia and Montenegro, which are subject to the statutory rates set forth in **column 2**. Specified goods from designated general-rate 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 September 30, 2001. 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 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.

special tariff treatment applies to particular products (general note 3(a)(iv)), products West Bank and Gaza Strip Automotive Products Trade Act note 5) and the on Trade in Civil Aircraft (ATCA) (general note 6), imported from freely associated states pharmaceutical (general note 13), and intermediate chemicals for dyes 14).

The General Agreement on Tariffs and Trade 1994  
Trade

the Agreement Establishing the World

multilateral system of disciplines and principles governing international trade. Signatories' obligations under both the 1994 1947 agreements focus upon most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national

"escape clause" (emergency) actions, antidumping and countervailing duties, dispute settlement, and other measures. The the Uruguay Round of multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, **Agreement**

**on Textiles and Clothing** the GATT 1994, member countries are phasing out restrictions on imports under the prior **Multifiber Arrangement (MFA)**.

the MFA, which was a departure from GATT 1947 provisions, importing and exporting countries negotiated bilateral limiting textile and apparel shipments, and importing countries could take unilateral action in the absence or violation

vegetable fibers, wool, man-made fibers or silk blends in an effort to prevent or limit market disruption in the importing countries

treatment of textile and apparel shipments, and calls for the eventual complete integration of this sector into the GATT 1994

**APPENDIX B**

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

*[Note: Appendix may not be included in the electronic version of this memorandum.]*



## **APPENDIX C**

### **STATEMENTS SUBMITTED BY THE PROPONENTS**

*[Note: Appendix C may not be included in the electronic version of this memorandum posted on the Commission's web site if an electronic copy of the statement was not received by the Commission.]*

## **APPENDIX D**

### **STATEMENTS SUBMITTED BY OTHER FIRMS/ORGANIZATIONS**

*[Note: Appendix D may not be included in the electronic version of this memorandum posted on the Commission's web site if an electronic copy of the statement was not received by the Commission.]*

106TH CONGRESS  
1ST SESSION

# S. 1506

To suspend temporarily the duty on cyclic olefin copolymer resin.

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IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1999

Mr. THURMOND introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To suspend temporarily the duty on cyclic olefin copolymer resin.

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. CYCLIC OLEFIN COPOLYMER RESIN.**

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:

“	9902.39.00	Cyclic olefin copolymer resin (CAS No. 26007-43-2) (provided for in heading 3902.90.00) .....	Free	Free	No change	On or before 12/31/2002	”.
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1       (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) applies with respect to goods entered, or  
3 withdrawn from warehouse for consumption, on or after  
4 the 15th day after the date of the enactment of this Act.

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