

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress¹**

[Date approved: May 5, 2008]²

Bill No. and sponsor: H.R. 4356 (Mr. Joe Wilson of South Carolina).

Proponent name,³ location: Clariant Corp., Charlotte, NC.

Other bills on product (110th 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)):

4,4'-Diamino-2,2'-stilbenedisulfonic acid (CAS No. 81-11-8) (provided for in subheading 2921.59.20).

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 a synthetic organic chemical that is used as an intermediate in the production of whitening agents for paper products and some stilbene dyes that are used in the textile and detergent industries. The subject product is imported from China.

Estimated effect on customs revenue:

HTS subheading: <u>2921.59.20</u>					
	2009	2010	2011	2012	2013
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	\$11,000,000	\$11,000,000	\$11,000,000	\$11,000,000	\$11,000,000
Customs revenue loss	\$715,000	\$715,000	\$715,000	\$715,000	\$715,000

Source of estimated dutiable import data: U.S. industry estimates.

¹ Industry analyst preparing report: L. Johnson (202-205-3351); Tariff Affairs contact: D. Michels (202-205-3440).

² Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tata/hts/other/rel_doc/bill_reports/.

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

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)		
Clariant Corp. (Proponent) Andrew Zamoyski, 202-415-9159	02/12/2008	No	No	No
Abbott Elaine Leavenworth, Fax: 202-783-6631	02/12/2008	No	No	No
American Chemistry Council Jim O'Connor, Fax: 703-741-6922	02/12/2008	No	No	No
BASF, Functional Polymers Group Joseph Breunig, Fax: 973-245-6721	02/12/2008	No	No	No
Bayer Corporation Karen L. Niedermeyer, Fax: 412-777-4740	02/12/2008	No	No	No
Biddle Sawyer William Thonack, Fax: 212-239-1089	02/12/2008	No	No	No
Ciba Specialty Chemicals Bob Hurley, Rhurley@theaccordgroup.com	03/11/2008	Yes	Yes	Yes
CMPA Larry Robinson, Fax: 703-684-1795	02/12/2008	No	No	No
ColorChem Steve Printz, Fax: 770-993-4780	02/12/2008	No	No	No
Color Resources International Inc. Wayne Jones, Fax: 864-862-6824	02/12/2008	No	No	No
Day-Glo Richard Thornton, Fax: 216-391-1408	02/12/2008	No	No	No
DuPont Helen McMahon, Fax: 302-355-2994	02/12/2008	No	No	No
DyStar L.P. Van Hawkins, Fax: 704-561-3005	02/12/2008	No	No	No
Eastman Chemical Company Greg Riddle, Fax: 703-524-7707	02/12/2008	No	No	No
ETAD Tucker Helms, Fax: 202-296-8120	02/12/2008	No	No	No
Everlight USA, Inc. Scott Chen, Fax: 704-588-0051	02/12/2008	No	No	No
Fanwood Chemical Jim DeLisi, Fax: 908-322-8494	02/12/2008	No	No	No
Honeywell International Art Simonetti, Fax: 202-662-2675	02/12/2008	No	No	No

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
LANXESS Corporation Jamie B. Schaeffer, Fax: 412-809-3614	02/12/2008	No	No	No
Milliken Ray Sanders, Fax: 864-503-1618	02/12/2008	No	No	No
Monsanto Corporation Grant Erdal, Fax: 202-789-1867	02/12/2008	No	No	No
NFC John Dickson, Fax: 803-548-2683	02/12/2008	No	No	No
Noveon Tom Dirmyer, Fax: 216-447-5720	02/12/2008	No	No	No
Passaic Color John Wojciechowski, Fax: 973-279-3175	02/12/2008	No	No	No
Rhodia Dominick Cangiana, Fax: 609-860-2256	02/12/2008	No	No	No
Rohm & Haas Steven Volger, Fax: 215-592-2550	02/12/2008	No	No	No
Solutia Dan Jenkins, Fax: 314-674-1585	02/12/2008	No	No	No
Syngenta Dawn Stump, Fax: 202-347-7772	02/12/2008	No	No	No
Uniroyal Chemical Company Lloyd Moon, Fax: 203-573-4430	02/12/2008	No	No	No
United Color Manufacturing, Inc. Tom Nowakowski, Fax: 215-860-8560	02/12/2008	No	No	No

Technical comments:⁴

The staff suggests that the article description given on page 1 of this report be used in the proposed new heading in order to provide the correct chemical name and the CAS number.

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.

E-MAIL OBJECTING TO H.R. 4356:

From: Bob Hurley [rhurley@theaccordgroup.com]
Sent: Friday, March 14, 2008 9:43 AM
To: Johnson, Lawrence
Subject: H.R. 4356

Hi Larry: Per my voicemail, I would like to confirm by email Ciba's objection to H.R. 4356. Below is an email r received from Vince Livoti of Ciba objecting to this bill.A copy of the prior letter is attached for you reference.

Thanks,

Bob

Robert F. Hurley
The Accord Group
1730 Rhode Island Ave. NW
Suite 700
Washington, D.C. 20036
phone: 202-289-9800
fax: 202-289-3588

----- ORIGINAL MESSAGE -----

Bob - Please let the ITC know that we still object to this duty suspension bill. We have domestic production of this chemical in McIntosh Alabama. Attached is the letter Michelle drafted last time Clariant tried to submit this.

Best,

Vince

ATTACHMENT REFERRED TO IN THE ABOVE E-MAIL:

The Honorable Chuck Grassley, Chair

Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Re: S. 2809

Dear Chairman Grassley:

Ciba Specialty Chemicals Corporation is writing to express our objection to S. 2809, which seeks to suspend the duty on imports of the chemical commonly known as DAS [4,4'-diaminostilbene-2,2'-disulfonic acid], CAS No. 81-11-8. The virtual sole use of DAS is as the key material to make stilbenic fluorescent whitening agents ("stilbenic whiteners"), for use in detergents, textiles and paper. DAS based stilbenic whiteners make these products brighter or whiter.

Ciba is a global producer of specialty chemicals, with production and distribution facilities throughout the US. We manufacture DAS at our McIntosh Alabama facility, and have been doing so for more than 30 years. We have made significant investments over the years in this processing area of the McIntosh plant and have continued to employ a strong workforce. Indeed, Ciba remains *the lone US producer* of DAS, and the only producer in the US of stilbenic whiteners using US made DAS. Any other facility in the US to process stilbenic whiteners does so using imported DAS.

Our domestically manufactured DAS and the stilbenic whiteners produced from it, face increasingly debilitating competition from China, India, and Europe. In recent years there has been significant price erosion from what we believe are unfairly low priced foreign imports. The consequential financial impact to Ciba's DAS and stilbenic whiteners business has been great. The conditions became so severe that it forced Ciba to try to seek relief by petitioning for antidumping and countervailing duties.¹ Should the duty be suspended on DAS, this would further deteriorate the competitiveness of the sole remaining domestic DAS production at our McIntosh, Alabama site. The duty suspension would cause even greater price deflation than we have seen in the past few years, which will result in serious financial harm to this US business. Ciba strives to maintain the existence of this business in the US including the many US chemical operators who comprise the workforce at our facility here. Therefore, in the interest of promoting this US business and the protection of US jobs, we urge the Congress to withdraw this bill.

Respectfully submitted,

John Deming
Head - Federal Government Relations
and Trade Association Relations

cc: International Trade Commission

¹ Refer to Certain 4,4'-Diamino-2,2'-Stilbenedisulfonic Acid Chemistry From China, Germany and India, Investigations No. 701-TA-435 and 731-1036-1038, Publication 3608 [July 2003]. While the case did not proceed on technical grounds, there is documentation as to the financial condition of our DAS/stibenic whiteners business.

110TH CONGRESS
1ST SESSION

H. R. 4356

To suspend temporarily the duty on 4,4-Diaminostilbene-2,2-Disulphonic.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2007

Mr. WILSON of South Carolina introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on 4,4-Diaminostilbene-2,2-Disulphonic.

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. 4,4-DIAMINOSTILBENE-2,2-DISULPHONIC.**

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.____	4,4-Diaminostilbene-2,2-Disulphonic (provided for in subheading 2921.59.20)	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 articles entered, or withdrawn

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

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