## UNITED STATES INTERNATIONAL TRADE COMMISSION Washington, DC 20436

# MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 110<sup>th</sup> Congress <sup>1</sup>

[Date approved: October 7, 2008]<sup>2</sup>

**Bill No. and sponsor:** H.R. 5015 (Ms. Ellen Tauscher of California).

**Proponent name, location:** Various canned seafood distributors nationwide.<sup>3</sup>

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)):

Sardines, in oil, in airtight containers, neither skinned nor boned (provided for in subheading 1604.13.20).

**Check one**:  $\underline{X}$  Same as that in bill as introduced<sup>4</sup>

\_\_ Different from that in bill as introduced (explain differences in Technical

comments section)

#### Product information, including uses/applications and source(s) of imports:

The subheading covers prepared or preserved sardines (other than certain smoked sardines), sardinella,<sup>5</sup> and brisling or sprats,<sup>6</sup> when such products are imported in oil, in airtight containers, and neither skinned nor boned. Total U.S. imports under this subheading (dutiable and duty free) in 2007 were 3.34 million kilograms, valued at \$9.83 million, a figure that is up slightly from a 2004-06 annual average of 3.17 million kilograms, valued at \$9.54 million. Dutiable U.S. imports under this subheading reached almost \$2.1 million in 2007. Of that figure, Spain accounted for about \$1.1 million, Morocco.<sup>7</sup> \$453,000, and Portugal, \$334,000. Canada supplied about 76 percent of total U.S. imports (dutiable and free of duty) in 2007, with about \$7.5 million in shipments; such goods entered free of duty under the North American Free Trade Agreement. There is only one U.S. producer of canned sardines (Bumble Bee Foods), and U.S. production data are unavailable.

<sup>&</sup>lt;sup>1</sup> Industry analyst preparing report: Roger Corey (202-205-3327); Tariff Affairs contact: Jan Summers (202-205-2605).

<sup>&</sup>lt;sup>2</sup> Access to an electronic copy of this memorandum is available at <a href="http://usitc.gov/tata/hts/other/rel\_doc/bill\_reports/index.htm">http://usitc.gov/tata/hts/other/rel\_doc/bill\_reports/index.htm</a>

<sup>&</sup>lt;sup>3</sup> The sponsor/proponent did not identify any additional beneficiaries of this bill.

<sup>&</sup>lt;sup>4</sup> See technical comments concerning the need for Customs input.

<sup>&</sup>lt;sup>5</sup> Such fish are freshwater sardines and originate primarily in the Philippines.

<sup>&</sup>lt;sup>6</sup> These fish are small and rather high in fat and come mainly from northern Europe.

<sup>&</sup>lt;sup>7</sup> Originating goods of Morocco are eligible to enter at a duty rate of 9.9 percent ad valorem under the U.S.-Morocco Free Trade Agreement during 2008; this duty rate is being eliminated through a series of staged reductions.

#### **Estimated effect on customs revenue:**

HTS subheading: 1604.13.20						
	2009	2010	2011	2012	2013	
Col. 1-General rate of duty (AVE) <u>1</u> /	15%	15%	15%	15%	15%	
Estimated value <i>dutiable</i> imports	\$2,071,000	\$2,071,000	\$2,071,000	\$2,071,000	\$2,071,000	
Customs revenue loss	\$310,650	\$310,650	\$310,650	\$310,650	\$310,650	

<sup>1/</sup> The AVE is the ad valorem equivalent of a specific or compound duty rate expressed as a percent, using the most recent import data available.

Source of estimated dutiable import data: Official U.S. Government statistics.

#### 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)		
National Fisheries Institute Government Affairs Office, McLean, VA, 703-752-8880	April 1, 2008	No	No	No
Bumble Bee Foods, Inc. Jeff Pike, Sher & Blackwell, Washington, DC, 202-463-2511	April 28, 2008	Yes	No	No

#### Technical comments:8

The HTS rate line does not distinguish between sardines, sardinella, and brisling or sprats. Thus, if the duty suspension covers only sardines, Customs and Border Protection may have administrative difficulties in enforcing the bill. We defer to Customs on whether the scope of the bill should be broadened to facilitate enforcement; if desired, the article description would be "sardines, sardinella and brisling or sprats, in oil, in airtight containers, neither skinned nor boned (provided for in subheading 1604.13.20)."

<sup>&</sup>lt;sup>8</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.

#### 110TH CONGRESS 2D SESSION

# H. R. 5015

To suspend temporarily the duty on certain sardines in oil, in airtight containers, neither skinned nor boned.

### IN THE HOUSE OF REPRESENTATIVES

January 16, 2008

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

### A BILL

To suspend temporarily the duty on certain sardines in oil, in airtight containers, neither skinned nor boned.

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. CERTAIN SARDINES IN AIRTIGHT CONTAINERS.
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	Sardines, in oil, in airtight containers, neither skinned					
		nor boned (provided for in subheading 1604.13.20)	Free	No change	No change	On or before	
						12/31/2011	".

- 1 (b) Effective Date.—The amendment made by
- 2 subsection (a) applies to goods entered, or withdrawn from
- 3 warehouse for consumption, on or after the 15th day after

4 the date of enactment of this Act.

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