

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress**¹

[Date approved: March 17, 2008]²

Bill No. and sponsor: H.R. 3885 (Mr. Tim Murphy of Pennsylvania).

Proponent name,³ location: Reference Metals Company, Inc., Bridgeville PA.⁴

Other bills on product (110th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2009.

Retroactive effect: None.

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

Ferroniobium (provided for in subheading 7202.93.80).

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 bill would temporarily suspend the duty on standard-grade ferroniobium, which is used as a niobium additive in steelmaking to increase the strength and toughness of steel. It is used in steel produced for oil and gas pipelines, car and truck bodies, steel structures, ships' hulls, and railroad rail. It is also used in the production of certain grades of stainless steel.

The largest niobium mine in the world, operated in Brazil by CBMM, the parent company of Reference Metals, accounts for between 65 and 70 percent of the total world production of niobium, which it processes into various products, including standard-grade ferroniobium. A statement by Reference Metals in support of the bill is attached to this report. The world's second-largest producer is also in Brazil and has a world market share of 14 to 18 percent. The third significant mining and ferroniobium operation is in Quebec, Canada, and has a global market share of 12 to 14 percent.

In 2006, U.S. imports of standard-grade ferroniobium were about 93 percent from Brazil and 7 percent from Canada. Less than 0.5 percent were from other sources. All imports from Brazil were duty-free under the GSP because Brazil has a competitive need limitation waiver granted effective July 1, 2003. If the President determines that the waiver is no longer warranted, due to changed circumstances, imports from Brazil could become subject to a 5 percent duty as early as July 1, 2008. Imports of standard-grade ferroniobium from Canada are duty-free under the NAFTA.


¹ Industry analyst preparing report: Gerald Houck (202-205-3392); Tariff Affairs contact: Dan Shepherdson (202-205-2598).

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.

⁴ Reference Metals Company, Inc. is a wholly-owned subsidiary of Companhia Brasileira de Metalurgia e Mineração (CBMM), which owns and operates the world's largest niobium mine in Araxá, Brazil.

Estimated effect on customs revenue:

HTS subheading: 7202.93.80					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	5%	5%	5%	5%	5%
Estimated value <i>dutiable</i> imports	\$165,000,000	\$165,000,000	\$165,000,000	\$165,000,000	\$165,000,000
Customs revenue loss 1/	\$8,250,000	\$8,250,000	\$8,250,000	\$8,250,000	\$8,250,000

1/ The estimated customs revenue loss would be applicable only if the competitive need limitation waiver for Brazil is rescinded. Otherwise, the estimated revenue loss is less than \$50,000 per year.

Source of estimated dutiable import data: Commission estimates, based on official U.S. Government statistics.

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)	
Reference Metals Company, Inc. (Proponent) Jim Boyle (412) 221-7008	11/27/2007	No	Yes	No
Allegheny Technologies Jean Bishop (212) 895-2700	11/28/2007	No	No	No
Iamgold Claude Dufresne (450) 677-2040	12/3/2007	No	No	No
Millbank Materials Karen Belle (412) 453-3880	11/28/2007	No	No	No
Reading Alloys, Inc. U.S.A. Paul Jones (610) 693-5822	11/28/2007	No	No	No
Shieldalloy Metallurgical Corp. Jim Carter (740) 432-6345	11/28/2007	No	No	No
Traxys North America LLC Daniel Marx (212) 918-8033	11/27/2007	No	No	No

Technical comments:⁵

Standard-grade ferroniobium (HTS 7202.93.80) differs from vacuum-grade ferroniobium (HTS 7202.93.40), which contains by weight less than 0.02 percent of phosphorus or sulfur or less than 0.4 percent of silicon. Standard-grade ferroniobium is not produced in the United States, but vacuum-grade ferroniobium is. Vacuum-grade ferroniobium is not considered to be substitutable for standard-grade ferroniobium because its price is about 40 percent higher.

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.

110TH CONGRESS
1ST SESSION

H. R. 3885

To suspend temporarily the duty on standard grade ferroniobium.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 18, 2007

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

A BILL

To suspend temporarily the duty on standard grade ferroniobium.

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. STANDARD GRADE FERRONIOBIUM.**

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:

“	9902.72.01	Ferroniobium (provided for in subheading 7202.93.80) ..	Free	No change	No change	On or before 12/31/2009	”.
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8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies with respect to goods entered, or

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

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