

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: May 14, 2008]²

Bill No. and sponsor: H.R. 4507 (Mr. Rush D. Holt of New Jersey).

Proponent name,³ location: Church & Dwight Co., Inc., Princeton, NJ.

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

Nature of bill: Extension of temporary duty reduction through December 31, 2011.

Retroactive effect: None.

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

Monocarboxylic fatty acids derived from palm oil (provided for in subheading 3823.19.20).

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:

Palm fatty acid distillate (“PFAD”) is a naturally derived organic material that is used as a raw material to produce specialized-use animal feeds. These animal feeds are designed to be “rumen inert,” meaning they do not interfere with the digestive process. PFAD is a co-product of the physical refining of palm oil and is composed of long-chain (16 and 18 carbons in length) fatty acids. These long-chain fatty acids are reacted with calcium oxide or hydroxide to form a calcium salt or soap product. This product is insoluble in the first digestive compartment (rumen) of a cow and thus does not affect the microbial digestive process. From the rumen, the feed material then passes into the more acidic abomasums, or true stomach, where it is broken down to long chain fatty acids. These fatty acids are then absorbed from the small intestine and utilized by the cow to make milk fat or as an energy source. The imported PFAD is reacted by domestic manufacturers to make the calcium salt/soap as described above and formulated into cattle feed additive supplements for sale to dairy farmers. PFAD is imported principally from Malaysia and, to a lesser extent, from Indonesia.⁴

¹ Industry analyst preparing report: Robert Randall (202-205-3366); Tariff Affairs contact: David 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 identified 3 additional beneficiaries of this bill. USITC staff sent inquiries to the named beneficiaries and received responses from 1. It submitted a written representation that it would benefit from this bill.

⁴ Imports of the subject product from Indonesia are eligible for duty-free treatment under the Generalized System of Preferences.

Estimated effect on customs revenue:

HTS subheading: 3823.19.20					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	2.3%	2.3%	2.3%	2.3%	2.3%
Estimated value <i>dutiable</i> imports	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000	\$40,000,000
Customs revenue loss <u>1/</u>	<u>2/</u>	\$440,000	\$440,000	\$440,000	\$440,000

1/ The estimated customs revenue loss for 2010-2013 is based on a temporary reduction of the general rate of duty from 2.3 percent ad valorem to 1.2 percent ad valorem, a reduction of 1.1 percentage points

2/ There is an existing duty reduction under HTS heading 9902.11.32 that expires on December 31, 2009. This bill would increase the temporary applied rate of duty from 1 percent ad valorem to 1.2 percent ad valorem, an increase of 0.2 percentage points. Therefore, there will be a customs revenue gain of \$80,000 related to this bill for 2009.

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

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)		
Church & Dwight Co., Inc. (Proponent) Laura E. Pearson, 202-872-8181	3/3/2008	No	No	No
Archer Daniels Midland Frank Huber, 877-236-2460	3/3/2008	No	No	No
Taroma, Inc. Arnaldo Burgos, 520-464-8000	3/3/2008	No	No	No
Twin Rivers Technologies, Inc. Paul Angelico, 617-472-9200	3/3/2008	No	No	No
Virtus Nutrition L.L.C. Jon Previant, 800-225-4519	3/3/2008	No	No	No

Technical comments:⁵

None.

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. 4507

To extend the temporary reduction of duty on palm fatty acid distillate.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 12, 2007

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

A BILL

To extend the temporary reduction of duty on palm fatty acid distillate.

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. PALM FATTY ACID DISTILLATE.**

4 (a) IN GENERAL.—Heading 9902.11.32 of the Har-
5 monized Tariff Schedule of the United States (relating to
6 palm fatty acid distillate) is amended—

7 (1) by striking “1%” and inserting “1.2%”;
8 and

9 (2) in the effective period column, by striking
10 the date contained therein and inserting “12/31/
11 2011”.

1 (b) **EFFECTIVE DATE.**—The amendments made by
2 subsection (a) apply to goods entered, or withdrawn from
3 warehouse for consumption, on or after the 15th day after
4 the date of the enactment of this Act.

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