

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: October 6, 2008]²

Bill No. and sponsor: H.R. 5458 (Mr. Emanuel Cleaver of Missouri).

Proponent name,³ location: Bayer CropScience., Research Triangle Park, 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)):

Hydrazine monohydrate (CAS No. 7803-57-8) (provided for in subheading 2825.10.00).

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 used to manufacture the active ingredient Prothioconazol, which is used to control leaf and head diseases on wheat and barley and to suppress mycotoxins. The product also controls a broad range of both foliar and soilborne diseases. The product is also used as a reducing agent and solvent, and as a component of propellants for rocket engines. The product is imported from France, China, and Germany.

Estimated effect on customs revenue:

HTS subheading: 2825.10.00					
 	2009	2010	2011	2012	2013
Col. 1-General rate of duty	3.7%	3.7%	3.7%	3.7%	3.7%
Estimated value <i>dutiable</i> imports	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000
Customs revenue loss	\$444,000	\$444,000	\$444,000	\$444,000	\$444,000

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

¹ Industry analyst preparing report: Jack Greenblatt (202-205-3353); 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 6 additional beneficiaries of this bill. USITC staff sent inquiries to the named beneficiaries and did not receive any responses.

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)	
Bayer CropScience (Proponent) Mike Gill, 202-508-8843	06/05/2008	No	No	No
Arch Chemicals, Inc. Charles A. Barnett, 202-548-2302	06/10/2008	Yes	Yes	Yes
Arkema Charles Kitchen, Fax: 215-419-7075	06/10/2008	No	No	No
BASF Corp. Greg Thies, Fax: 202-558-5101	06/10/2008	No	No	No
CropLife America Lawrence Norton, Fax: 202-463-0474	06/10/2008	No	No	No
Dow AgroSciences Max Turnipseed, Fax: 225-383-0590	06/10/2008	No	No	No
DuPont Sharee Lawler, 202-728-3664	06/10/2008	No	No	No
FMC Corp. Jerry Prout, Fax: 202-956-5235	06/10/2008	No	No	No
LANXESS Jamie Schaeffer, Fax: 412-809-3614	06/10/2008	No	No	No
Monsanto Corp. Michael Parrish, Fax: 202-789-1867	06/10/2008	No	No	No
Syngenta Crop Protection, Inc. Mike Blythe, Fax: 336-632-6084	06/10/2008	No	No	No
Valent USA Robin Demouth, Fax: 925-256-2776	06/10/2008	No	No	No

Technical comments:⁴

None.

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.

Arch Chemicals, Inc.

501 Merritt 7
P.O. Box 5204
Norwalk, CT 06856 -5204
March 31, 2008



The Honorable Sander Levin
Chairman, Subcommittee on Trade
Ways and Means Committee
1104 Longworth House Office Building
U.S. House of Representatives
Washington, DC 20515

RE: Arch Chemicals, Inc. Objection to H.R. 5458

Dear Mr. Chairman:

I am writing regarding H.R. 5458, which would suspend temporarily the duty on hydrazine monohydrate. Arch Chemicals, as the only U.S. producer of Hydrazine Hydrate, and Hydrazine Propellants. Production is located at our facility in Lake Charles, Louisiana. As such Arch objects to this proposed tariff change.

My understanding is that H.R. 5458 would allow imports of hydrazine hydrate to enter the U.S. at a zero percent duty compared with the current 3.7% duty. This would allow imports of hydrazine hydrate to enter from countries which have a combination of lower production costs and higher import duties on hydrazine products produced in the U.S.

We object to H.R. 5458 as it would negatively affect our ability to competitively produce hydrazine hydrate in the U.S. and supply it to the domestic and international markets.

Most notably, in 2004 China imposed a duty of 184% on imports of U.S. produced hydrazine. The duty remains in effect today. This effectively takes away Arch Chemicals' ability to compete in the growing Chinese market. If the duty is abolished it will also allow the Japanese, Germans and French to import without duty while US exports will continue to pay duty of approximately 5% to these areas.

Additionally, Arch Chemicals has previously objected to a similar hydrazine tariff suspension request. In 2005, we objected and blocked an attempt to suspend the tariff on hydrazine hydrate (H.R. 2438 in the 109th Congress).

Headquartered in Norwalk, Connecticut, Arch Chemicals, Inc. is a global Biocides company with annual sales of approximately \$1.5 billion. Together with its subsidiaries, Arch has 1,200 U.S. employees and manufacturing facilities in North America, South America, Europe, Asia and Africa.

Please do not hesitate to contact me at (203) 229-3586 or iischoen@archchemicals.com if you have any further questions or if there is any more information that Arch Chemicals can provide.

Sincerely,

A handwritten signature in cursive script that reads "John Schoen".

John Schoen
Business Manager, Hydrazine Hydrate
Arch Chemicals, Inc.

CC: U.S. Department of Commerce, International Trade Administration
U.S. International Trade Commission

110TH CONGRESS
2^D SESSION

H. R. 5458

To suspend temporarily the duty on Hydrazine monohydrate.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 14, 2008

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

A BILL

To suspend temporarily the duty on Hydrazine monohydrate.

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. HYDRAZINE MONOHYDRATE.**

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.____	Hydrazine monohydrate (CAS No. 7803–57–8) (pro- vided for in subheading 2825.10.00)	Free	No change	No change	On or before 12/31/2011	”.
---	-----------	--	------	-----------	-----------	----------------------------	----

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to articles entered, or withdrawn

2

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

○