

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: September 23, 2005]²

Bill No. and sponsor: H.R. 1782 (Mr. William L. Jenkins of Tennessee)

Proponent name, location: Eastman Chemical Company
Arkansas Operations Plant
Batesville, Arkansas

Other bills on product (109th Congress only): None.

Nature of bill: Temporary duty suspension through 12/31/2008.

Retroactive effect: None.

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

Palmitic acid (CAS No. 57-10-3) (provided for in subheading 2915.70.00)

Check one: Same as that in bill as introduced
 Different from that in bill as introduced (explain differences in Technical
 comments section)


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

Palmitic acid is a white, crystalline solid, long-chain fatty acid derived primarily from palm oil. Palmitic acid and its various esterified derivatives are used in a variety of applications as a surface active agent. Most imports come from Malaysia.

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 www.usitc.gov/tata/hts/other/rel_doc/bill_reports/109c.htm.

Estimated effect on customs revenue:

HTS subheading: 2915.70.00					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	5%	5%	5%	5%	5%
Estimated value <i>dutiable</i> imports	\$5,500,000	\$5,565,000	\$5,630,000	\$5,700,000	\$5,770,000
Customs revenue loss <u>1/</u>	\$275,000	\$278,250	\$281,500	\$285,000	\$288,500

1/ Revenue loss for 2005 and 2006 results from a current suspension of duty per heading 9902.03.41.
Source of estimated dutiable import data: Official U.S. Government statistics and Commission estimates.

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)	
Eastman Chemical Company (proponent) J.P. San Pedro Tel: (703) 524-7653	6/7/2005	No	No	No
Akzo Nobel Surface Chemistry General Mgr. FAX: (312) 544-7159	6/22/2005	No	No	No
Arizona Chemical General Mgr. FAX: (904) 928-8779	6/22/2005	No	No	No
Ashland Distribution Company General Mgr. FAX: (614) 790-4119	6/22/2005	No	No	No
Cognis Corporation General Mgr. FAX: (520) 624-0912	6/22/2005	No	No	No
Penta Manufacturing Co. General Mgr. FAX: (973) 740-1839	6/22/2005	No	No	No
Procter & Gamble Chemicals General Mgr. FAX: (513) 626-1082	6/22/2005	No	No	No

Chemtura Elizabeth Thomasino, Manager, Imports and Customs (203) 573-2644	8/30/2005	Yes	Yes	Yes
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Technical comments:³

The Commission notes that HTS heading 9902.03.41 currently provides a temporary duty suspension for palmitic acid (with a purity of 90 percent or more). The Commission suggests that the new duty suspension be enacted using this heading number. This could be accomplished by deleting heading 9902.03.41, and by using that heading number for the new duty suspension in this bill.⁴

³ 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.

⁴ Specifically, line 6 of the bill could be amended to read "...amended by striking heading 9902.03.41 and inserting in lieu thereof the following...". In addition, the heading number used in the bill, 9902.04.53, should be deleted and replaced with 9902.03.41

109TH CONGRESS
1ST SESSION

H. R. 1782

To suspend temporarily the duty on palmitic acid.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 2005

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

A BILL

To suspend temporarily the duty on palmitic acid.

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. PALMITIC ACID.**

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:

“	9902.04.53	Palmitic acid (CAS No. 57-10-3) (provided for in sub-heading 2915.70.00)	Free	No change	No change	On or before 12/31/2008	”.
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8 (b) EFFECTIVE DATE.—The amendments 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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