

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: August 23, 2005]²

Bill No. and sponsor: H.R. 1799 (Mr. Peterson)

Proponent name, location: Arkema, Inc.
Philadelphia, PA 19103-3222

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

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

Retroactive effect: None.

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

Micro-porous, ultrafine, spherical ORGASOL® polyamide powders of modified polyamide-6 (CAS No. 356040-79-4); modified polyamide-12 (CAS No. 338462-62-7); and, modified polyamide 6,12 (CAS No. 356040-89-6) (provided for in subheadings 3908.10.00 and 3908.90.70).

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:


The product, ORGASOL®, consists of specialty micro-porous, ultra-fine, spherical polyamide powders of modified nylon-6, nylon-12, and nylon-6,12 copolymer. These polyamides are polymerized from the monomer for nylon-6 and nylon-12, together with other monomers, such that some of the products may comprise less than 95 percent by weight of nylon-6, nylon-12, or nylon-6,12 in the polymer matrix, respectively.³ The ORGASOL® 1000 series product line is based on nylon-6; the 2000 line, on nylon-12; and the 3000 line, on nylon-6,12. ORGASOL® powders are used in niche market areas of the cosmetics industry as a carrier of pigments and as an absorbent of oils on the skin. Personal care/cosmetics marketers also use the resins to provide products with superior texture and a “soft-to-the-touch” feel. ORGASOL® products are also used by manufacturers of industrial coatings, paints and varnishes in niche market areas to increase abrasion resistance, texturing and gloss control in UV-cured coatings. The product is imported from France.

¹ Industry analyst preparing report: Ray Cantrell (202-205-3362); 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/index.htm.

³ According to subheading Note 1(a)(1) to HTS Chapter 39, polyamide polymers containing monomer constituents of less than 95 percent by weight of the total polymer composition, would conceptually be provided for in HTS 3908.90.70.

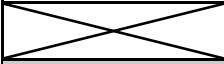
Estimated effect on customs revenue:

| HTS subheading: <u>3908.10.00</u> | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
|  | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 6.3% | 6.3% | 6.3% | 6.3% | 6.3% |
| Estimated value <i>dutiable</i> imports <u>1/</u> | \$4,610,000 | \$5,176,000 | \$5,566,050 | \$5,820,000 | \$5,912,000 |
| Customs revenue loss <u>2/</u> | \$290,430 | \$326,088 | \$350,661 | \$366,660 | \$372,456 |

1/ Estimated at 75 percent of total estimated dutiable value.

2/ Revenue loss for 2005 and 2006 results from a current suspension of duty per heading 9902.39.08.

Source of estimated dutiable import data: Commission and industry estimates.

| HTS subheading: <u>3908.90.70</u> | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
|  | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 6.5% | 6.5% | 6.5% | 6.5% | 6.5% |
| Estimated value <i>dutiable</i> imports <u>1/</u> | \$1,537,000 | \$1,728,000 | \$1,855,350 | \$1,940,000 | \$1,970,500 |
| Customs revenue loss <u>2/</u> | \$99,905 | \$112,320 | \$120,598 | \$126,100 | \$128,083 |

1/ Estimated at 25 percent of total estimated dutiable value.

2/ Revenue loss for 2005 and 2006 results from a current suspension of duty per heading 9902.39.08.

Source of estimated dutiable import data: Commission and industry 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 | | |
| Arkema Group (Proponent) Mr. Charles Kitchens 703-527-2099 | 07/01/2005 | No | Yes | No |
| Bayer Corporation Ms. Karen Niedermeyer 412-777-2058 | 07/01/2005 | No | Yes | No |
| DuPont Ms. Elaine Olson 302-992-2263 | 07/06/2005 | No | No | No |
| LANXESS Corporation Jamie B. Schaeffer 412-809-3666 | 06/30/2005 | No | Yes | No |

Technical comments:⁴

The Commission suggests that renewal of the existing duty suspension include striking the current article description of heading 9902.39.08 and inserting in lieu thereof the description shown on page 1 of this report, in order to provide a more definitive description of the chemical products involved, and to provide the CAS numbers.

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.

109TH CONGRESS
1ST SESSION

H. R. 1799

To extend the duty suspension on ORGASOL polyamide powders.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 2005

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

A BILL

To extend the duty suspension on ORGASOL polyamide powders.

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. ORGASOL POLYAMIDE POWDERS.**

4 (a) **IN GENERAL.**—Heading 9902.39.08 of the Har-
5 monized Tariff Schedule of the United States is amended
6 by striking “12/31/2006” and inserting “12/31/2008”.

7 (b) **EFFECTIVE DATE.**—The amendment made by
8 subsection (a) shall apply with respect to goods entered,
9 or withdrawn from warehouse for consumption, on or after

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1 the date that is 15 days after the date of enactment of
2 this Act.

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