

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: August 10, 2006]²

Bill No. and sponsor: S. 2965 (Mr. Rick Santorum of Pennsylvania).

Proponent name, location: International Specialty Products (ISP), Wayne, NJ.

Other bills on product (109th Congress only): S. 3323.³

Nature of bill: Permanent duty-free treatment for all imports under HTS subheading 3913.10.00.

Retroactive effect: None.

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

Alginic acid, its salts and esters (provided for in subheading 3913.10.00).⁴

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:

Alginate products, which include alginic acid, its salts and esters, are derived from various seaweeds that are harvested from coastal areas around the globe. Alginate products are typically sold as white to yellowish-brown, essentially odorless, free-flowing powder. Alginates serve as excellent thickening, emulsifying, and stabilizing agents in various food products, including salad dressings and dairy products; in pharmaceuticals, as film forming agents; in toothpaste and cosmetics; for textile sizing; and in a variety of other specialty consumer applications. The subject products are imported principally from the United Kingdom, Japan, Norway, China, Chile,⁵ and France. The proponent imports from the United Kingdom and Japan. Import demand grew at an average annual rate of 22 percent per year during 2002-05.

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 http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.

³ While S. 2965 would, if enacted, provide permanent duty-free treatment for all imported alginate products under HTS subheading 3913.10.00, S. 3323 would only temporarily suspend the duty on propylene glycol alginate (CAS No. 9005-37-2).

⁴ The proponent, ISP, wishes to include all alginates as subject products to this bill; propylene glycol alginate (CAS No. 9005-37-2), an alginate ester, represents only one of a multitude of alginate products. Staff interview with Ms. Jane Gordon, ISP, July 10, 2006.

⁵ Alginates that are imported from Chile are duty free.

Estimated effect on customs revenue:

HTS subheading: 3913.10.00					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	4.2%	4.2%	4.2%	4.2%	4.2%
Estimated value <i>dutiable</i> imports	\$32,000,000	\$37,000,000	\$42,000,000	\$47,000,000	\$52,000,000
Customs revenue loss	\$1,344,000	\$1,554,000	\$1,764,000	\$1,974,000	\$2,184,000

Source of estimated dutiable import data: Commission and 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)	
International Specialty Products (Proponent) Ms. Jane Gordon, 973-628-3509 Mr. William J. Morley, 202-296-6222	07/10/2006	No	No	No
Bayer Corporation Ms. Karen Niedermeyer, 412-777-2058	07/06/2006	No	No	No
Cargill, Inc. Mr. Glen Johnston, 952-742-0457	07/06/2006	No	No	No
Cargill Health and Food Technology Ms. Angela Poorman, Fax: 866-456-8872	07/14/2006	No	No	No
Dow Chemical Company Ms. Lisa Schroeter, Fax: 202-429-3400	07/07/2006	No	No	No
DuPont Ms. Elaine Olsen, Fax: 302-992-2263	07/07/2006	No	No	No
FMC Corporation Mr. Jerry Prout, Fax: 202-956-5209	07/03/2006	Yes	Yes	Yes
LANXESS Corporation Ms. Jamie Schaeffer, Fax: 412-809-3666	07/06/2006	No	No	No

Technical comments:⁶

The Commission suggests that the last two digits of the subheading number on line 5 of the bill be deleted.

⁶ 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
2D SESSION

S. 2965

To amend the Harmonized Tariff Schedule of the United States to provide duty free treatment for Propylene Glycol Alginates (PGA).

IN THE SENATE OF THE UNITED STATES

MAY 23, 2006

Mr. SANTORUM introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Harmonized Tariff Schedule of the United States to provide duty free treatment for Propylene Glycol Alginates (PGA).

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. DUTY FREE TREATMENT FOR ALGINIC ACIDS,**
4 **ITS SALTS AND ESTERS.**

5 (a) IN GENERAL.—Subheading 3913.10.0000 of the
6 Harmonized Tariff Schedule of the United States is
7 amended in the general subcolumn of column 1 rate of
8 duty, by striking “4.2%” and inserting “Free”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) applies to goods entered or withdrawn from

- 1 warehouse for consumption, on or after the date that is
- 2 15 days after the date of enactment of this Act.

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