

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: October 26, 2006]²

Bill No. and sponsor: S. 3318 (Mr. Charles E. Schumer of New York and Mrs. Hillary Clinton of New York).

Proponent name, location: Forest Laboratories, Inc., New York, NY.

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

Nature of bill: Extension and amendment of existing temporary duty reduction through December 31, 2009.

Retroactive effect: None.

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

2-Hydroxypropylmethylcellulose (CAS No. 9004-65-3) (provided for in subheading 3912.39.00).

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 a cellulose ether polymer in white powder form which swells in water, producing clear to opalescent, viscous, colloidal solutions. This polymer is known generically as hydroxypropyl methylcellulose in the industry trade. It is used as an incipient (inactive ingredient) in drug formulations. It may also be used as a protective surface coating for tableted drugs, or as a sustained release (time release) agent in certain drugs. The product is also used extensively in food products as a thickening agent, stabilizer, and emulsifier; as a thickener in paint stripping preparations; and as a binder in colored pencil lead and other items. The proponent imports the product from Ireland; imports by other domestic firms are known to originate from Belgium, Germany, South Korea, and other countries.

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.

Estimated effect on customs revenue:

HTS subheading: 3912.39.00					
	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	\$9,000,000	\$9,500,000	\$10,000,000	\$10,500,000	\$11,000,000
Customs revenue loss ^{1/}	\$378,000	\$399,000	\$420,000	\$441,000	\$462,000

^{1/} A portion of the estimated customs revenue loss for 2006 reflects the existing duty reduction from 4.2 percent to 0.4 percent under HTS heading 9902.03.80 that expires on December 31, 2006.

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)		
Forest Laboratories, Inc. (Proponent) Courtney Morgan, 202-628-4700	08/22/2006	No	No	No
Akzo Nobel Cellulosic Specialties, Inc. Roberto Reinoso, 914-674-5432	08/25/2006	No	No	No
Bayer Corporation Karen Niedermeyer, 412-777-2058	08/25/2006	No	No	No
Clariant Corporation Andrew Zamoyski, 202-415-9159	08/26/2006	No	No	No
Dow Chemical Company Lisa Schroeter, 202-429-3400 Max Turnipseed, 225-338-0310	08/26/2006	Yes	Yes	Yes
DuPont Helen McMahon, 302-992-2263	08/26/2006	No	No	No
Hercules, Inc. Jack Tully, 904-256-0335 Ed Kozlowski, 203-448-3839	08/23/2006	No	No	No
LANXESS Corporation Jamie Schaeffer, 412-809-3666	08/23/2006	No	No	No
OxyChem Mihir Patel, 972-404-3459	08/26/2006	No	No	No
Sensient Pharmaceutical Technologies John Pelesko, 908-222-3850	08/22/2006	No	No	No

Technical comments:³ None.

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.

109TH CONGRESS
2D SESSION

S. 3318

To extend and amend the duty reduction on 2-Hydroxypropyl methylcellulose.

IN THE SENATE OF THE UNITED STATES

MAY 26, 2006

Mr. SCHUMER (for himself and Mrs. CLINTON) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To extend and amend the duty reduction on 2-Hydroxypropyl
methylcellulose.

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. EXTENSION AND AMENDMENT FOR HYDRATED**
4 **HYDROXYPROPYL METHYLCELLULOSE.**

5 (a) IN GENERAL.—Heading 9902.03.80 of the Har-
6 monized Tariff Schedule of the United States is amend-
7 ed—

8 (1) by striking “12/31/2006” and inserting
9 “12/31/2009”; and

10 (2) by striking “0.4%” and inserting “Free”.

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

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