



## MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

### I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at [http://www.usitc.gov/tariff\\_affairs/congress\\_reports/](http://www.usitc.gov/tariff_affairs/congress_reports/).
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

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

Capacitor grade homopolymer polypropylene resin in primary form (CAS No. 9003-07-0), certified by the importer as intended for use in manufacturing capacitor film and having an ash content less than 50 ppm (provided for in subheading 3902.10.00)

Description above compared with bill as introduced:

- Same  
 Different (see Technical Comments section)

## III. Other product information, including uses/applications and source(s) of imports

The subject product is a low-ash capacitor-grade polypropylene resin. An extremely low ash content (i.e., below 50 ppm) is required to meet high purity standards for capacitor production. Otherwise the metal residues from the polymerization catalysts will interfere with the insulating (dielectric) properties critical to high efficiency capacitor operation. A capacitor is an electronic device that can store and discharge electrical energy. Capacitor films made from the subject specialty resin are used in high power transmission systems or low voltage systems such as microwave ovens and hybrid car batteries. Low voltage capacitor films typically are aluminized on one side, while high voltage systems contain layers of capacitor film sandwiched between aluminum foil. It is imported from Belgium, France, and Japan. It is also believed to be made in Korea.

## IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	3902.10.00				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty (%)	6.5	6.5	6.5	6.5	6.5
Estimated value of <i>dutiable</i> imports (\$)	7,000,000	7,200,000	7,400,000	7,600,000	7,800,000
Customs revenue loss (\$)	455,000	468,000	481,000	494,000	507,000

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce  
 Provided by industry sources  
 Industry information  
 Commission estimates

Duty reduction notes:

- This bill is not a duty reduction  
 This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%)  Temporary rate (%)  Percentage point reduction (%)

## V. Technical comments

This bill may be hard for U.S. Customs and Border Patrol (CBP) to administer. The CAS number of this bill is generic for polypropylene resins. Low ash resins may also be used for other purposes, e.g., wrapping film for golf club shafts. The U.S. standard test method for ash content in plastics (ASTM D5630-06) applies only for ash contents of 100 ppm or above (Commission staff contact with Frank Cantone, National Import Specialist, CBP, New York, NY, May 9, 2012). The ash content of the imported resin is reportedly certified by the manufacturers.

## VI. Continuation

Suggested Article Description... -- continued:

If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.

## VII. Contacts with domestic firms/organizations

#	Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
1	MIRWEC Film (Interested entity) Kyle Massey	812-331-7194	No	No	No
2	3M Greg Walters	202-414-3008	No	No	No
3	BASF Richard J. Salamone	973-895-8316	No	No	No
4	Bayer Steve Johnsen	412-777-5616	No	No	No
5	Celanese Samuel Ramirez	972-443-4689	No	No	No
6	Chemtura Elizabeth J. Thomasino	203-573-2644	No	No	No
7	Clariant Andrew Zamoyski	202-415-9159	No	No	No
8	Crowell & Moring, LLP Mike Gill	202-508-8843	No	No	No
9	Dow Chemical Co. Lisa Schroeter	202-429-3407	No	No	No
10	DuPont Brian Curtis	302-992-3223	No	No	No
11	Eastman Greg Riddle	212-835-1620	No	No	No
12	Efficient Global Trade Henry P. Stoebenau	215-628-4919	No	No	No
13	Evonik Russell Mait	804-452-5711	No	No	No
14	ExxonMobil Chemical Co. Chad Haughton	281-834-5516	No	No	No
15	FMC Jerry Prout	202-956-5209	No	No	No
16	GE Digital Energy John McNie	727-867-4632	No	No	No
17	Hexion Specialty Chemicals Paul W. Langemeier	832-366-2385	No	No	No
18	Honeywell Art Simonetti	202-662-2671	No	No	No

	#	Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
	19	LANXESS Jamie B. Schaeffer	412-809-3666	No	No	No
	20	Lubrizol Joe Eskra	440-347-5955	No	No	No
	21	Monsanto James K. Travis	202-383-2864	No	No	No
	22	PPG Industries Bill Ries	412-434-1717	No	No	No
	23	SABIC Innovative Plastics Danielle Cannata	202-621-2548	Yes	Yes	Yes
	24	Solutia Kassie Wooton	314-674-3297	No	No	No
	25	Solvay Andrew K. Jones	856-251-3412	No	No	No
	26	TOPAS Advanced Polymers Timothy Kneale	859-746-6447	No	No	No
	27	Toray Plastics (America) Paul Knowmeyer	401-578-9369	No	No	No
	28	Zeon Chemicals L.P. David F. Olave	202-730-1960	No	No	No

SABIC



Danielle Cannata  
International Trade Counsel

Ray Cantrell  
International Trade Analyst  
Chemicals Division  
U.S. International Trade Commission  
500 E St., SW, Room 513-I  
Washington, DC 20436

June 6, 2012

Dear Mr. Cantrell,

I am writing in reference to H.R. 4380 (To Suspend Temporarily the Duty on Capacitor Grade Homopolymer Propylene Resin in Primary Form). SABIC's Innovative Plastics business asks that Capacitor Grade Homopolymer Propylene Resin by a company called MIRWEC Film *not* be included in this year's Miscellaneous Tariff Bill. SABIC's Innovative Plastics business manufactures a competing product called LEXAN\* resin here in the United States. LEXAN resin is used in several key application areas such as food and medical packaging, business machine housings, light management and optical media.

Both LEXAN resin and MIRWEC's product have similar properties which make them candidates for many of the same types of applications. The characteristics inherent to the polymer in both LEXAN and Low Ash Capacitor Grade Polypropylene Resin are the same. Low ash polypropylene resin is not restricted to use as a capacitor film and can be used in many other types of systems. This puts it into direct competition with our products for use in LED applications, in automotive systems, electronic systems, and transportation systems and diffusers for LCD screens, and injection or blow mold applications. When selecting a resin for a particular application, customers consider how well a resin's properties fulfill the application requirements together with the price of the resin

SABIC's Innovative Plastics business manufactures LEXAN resin in Indiana and Alabama. Our facility in Mt. Vernon, Indiana is the largest employer in its county with approximately 1150 employees. Its wages are some of the most competitive in its region with an annual payroll plus benefits of \$125.7 million. Our facility in Burkville, Alabama employs approximately 350 people. Its wages are again some of the most competitive in that region with an annual payroll plus benefits of \$33 million.

SABIC



\*LEXAN is a trademark of SABIC Innovative Plastics IP B.V.

Accordingly, since there is domestic manufacture of a competing product, SABIC requests that the MIRWEC Film product be excluded from the MTB. At a time when petrochemical feedstock costs have risen dramatically, SABIC's Innovative Plastics business cannot afford to have margins further reduced by lower-cost imports. The elimination of the tariff on imports of these competitor products would indeed be detrimental to SABIC's Innovative Plastics business and to the jobs that it provides in Indiana and Alabama.

Sincerely,

A handwritten signature in black ink that reads "Danielle Cannata".

Danielle Cannata  
International Trade Counsel

112TH CONGRESS  
2D SESSION

# H. R. 4380

To suspend temporarily the duty on capacitor grade homopolymer polypropylene resin in primary form.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 18, 2012

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

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## A BILL

To suspend temporarily the duty on capacitor grade homopolymer polypropylene resin in primary form.

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. CAPACITOR GRADE HOMOPOLYMER POLY-**  
4 **PROPYLENE RESIN IN PRIMARY FORM.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of  
6 the Harmonized Tariff Schedule of the United States is  
7 amended by inserting in numerical sequence the following  
8 new heading:



“9902.01.00	Capacitor grade homopolymer polypropylene resin in primary form (CAS No. 9003-07-0), certified by the importer as intended for use in manufacturing capacitor film and having an ash content less than 50 ppm (provided for in sub-heading 3902.10.00) .....	Free	No change	No change	On or before 12/31/2015	”.
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1           (b) **EFFECTIVE DATE.**—The amendment made by  
2 subsection (a) applies to articles entered, or withdrawn  
3 from warehouse for consumption, on or after the 15th day  
4 after the date of the enactment of this Act.

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