



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/.
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)):

2-Chloro-N-(2-ethyl-6-methylphenyl)-N-[(1S)-2-methoxy-1-methylethyl]acetamide ((S)-Metolachlor) (CAS No. 87392-12-9)
(provided for in subheading 2924.29.47)

(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.)

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 the active ingredient in multiple herbicides to control grass weeds in corn, soybeans, and many other crops. It is used to make the only grass herbicides that are allowed for use on certain minor crops, including many vegetables. The product is imported from Switzerland.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	2924.29.47				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty (%) or percentage point reduction	0.5	0.5	0.5	0.5	0.5
Estimated value of <i>dutiable</i> imports (\$)	125,000,000	130,000,000	135,000,000	135,000,000	135,000,000
Customs revenue loss (\$)	625,000	650,000	675,000	675,000	675,000

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

Staff suggests that the article description of this report be consistent with IUPAC nomenclature and retain the common name of this compound.

VI. Continuation

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	Syngenta (Interested entity) Angus Kelly	202-347-7772	No	No	No
2	3M Greg Walters	202-414-3008	No	No	No
3	Albaugh Stuart Feldstein	515-964-9444	No	No	No
4	Arkema David Kunz	202-263-3491	No	No	No
5	BASF Richard J. Salamone	973-895-8316	No	No	No
6	Bayer Steve Johnsen	412-777-5616	No	No	No
7	Celanese Samuel Ramirez	972-443-4689	No	No	No
8	Chemtura Elizabeth J. Thomasino	203-573-2644	No	No	No
9	Clariant Andrew Zamoyski	202-415-9159	No	No	No
10	ColorChem Steven Printz	770-993-5500, x18	No	No	No
11	Crowell & Moring, LLP Mike Gill	202-508-8843	No	No	No
12	DSM Sheetal Bhadekar	973-257-8323	No	No	No
13	Dixie Chemical Mal Johnson	281-291-2659	No	No	No
14	Dow Chemical Co. Lisa Schroeter	202-429-3407	No	No	No
15	Drexel Chemical Stanley Bernard	901-774-4370	No	Yes	Yes
16	DuPont Elaine M. Olsen	302-992-2263	No	No	No
17	DyStar L.P. Megan Malone	202-344-4621	No	No	No
18	Eastman Greg Riddle	212-835-1620	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	Emerald Performance Materials Thomas Dirmyer	330-916-6706	No	No	No
20	Evonik Russell Mait	804-452-5711	No	No	No
21	FMC Jerry Prout	202-956-5209	No	No	No
22	Fanwood Chemical V. M. (Jim) DeLisi	908-322-8440	No	No	No
23	Honeywell Art Simonetti	202-662-2671	No	No	No
24	Kemira Rajesh Sharma	678-819-4577	No	No	No
25	LANXESS Jamie B. Schaeffer	412-809-3666	No	No	No
26	Lonza Joe Robinson	201-316-9364	No	No	No
27	Monsanto James K. Travis	202-383-2864	No	No	No
28	Nation Ford Chemical Jay Dickson	803-548-3210, x15	No	No	No
29	Nufarm Americas Joel Junker	206-621-7878	No	No	No
30	PPG Industries Bill Ries	412-434-1717	No	No	No
31	Procter & Gamble Matt Mattingley	202-841-5601	No	No	No
32	Purolite Gary Thundercliffe	484-384 2708	No	No	No
33	Royce Associates, ALP Terry Scheirer	201-438-5200	No	No	No
34	SOCMA Robert E. Branand, Esq.	202-345-2717	No	No	No
35	Sensient Technologies Ken Goldacker	314-658-7363	No	No	No
36	Sigma Aldrich Jared Fenton	314-286-8326	No	No	No
37	Solutia Kassie Wooton	314-674-3297	No	No	No

38	Solvay Andrew K. Jones	856-251-3412	No	No	No
39	Symrise Elizabeth Scharlat	908-429-6821	No	No	No
40	United Color Manufacturing Tom Nowakowski	215-860-2165	No	No	No
41	Valent Robin Demouth	925-256-2758	No	No	No



Drexel Chemical Company

June 19, 2012

REVISED

Committee on Ways and Means
United States House of Representatives

Re: HR 4474

Dear Sirs:

Drexel Chemical Company opposes the Miscellaneous Tariff Bill, HR 4474.

HR 4474, as it is worded, would exclude generic Metolachlor from the requested duty rate reduction and places Drexel at a competitive disadvantage against Syngenta.

In order to gain some understanding of the United States Metolachlor market some background information is provided.

Ciba-Geigy first registered Metolachlor with the United States Environmental Protection Agency (EPA) as a herbicide on April 1, 1977. Metolachlor was widely accepted by American farmers as an improvement over other herbicides.

Metolachlor was produced for Ciba-Geigy and its successor company Novartis in the United States at Monsanto's Muscatine, Iowa chloroacetamide production facilities for over 20 years until Novartis sought to convert the Metolachlor market over to a "newer" Metolachlor product that would be produced in Switzerland.

Chemically, Metolachlor is composed of two chiral isomers, s-Metolachlor and r-Metolachlor in equal proportions. The "newer" Metolachlor, Novartis labeled as s-Metolachlor, is composed of 88% s-Metolachlor and 12% r-Metolachlor.

Before Novartis could convert the US market over to "newer" metolachlor, Cedar Chemical Company petitioned the EPA for a Metolachlor registration in early 2000. Novartis and its successor company, Syngenta, vigorously opposed Cedar's registration application causing its issuance to be delayed until March 2002. Even then, Syngenta filed suit in Federal Court against the EPA to attempt to overturn the EPA decision to grant a generic Metolachlor registration. The Court ruled EPA's actions in granting generic Metolachlor registrations were proper. Drexel and Sipcarn Agro USA soon followed Cedar in receiving Metolachlor registrations.

Novartis/Syngenta represents the s-Metolachlor as a more active product that can be used at lower rates than Metolachlor. This is not the case. Both are registered for use at the same rates, on the same crops in the same manner. Industry and university tests cannot detect a difference in efficacy. Nearly 10 years of commercial use have not shown a difference in herbicide efficacy.

All Metolachlor sold in the United States is imported. Syngenta imports its Metolachlor technical grade from Switzerland. Drexel imports its Metolachlor technical grade from China. Both Syngenta and Drexel formulate their end use Metolachlor products here in the United States. We believe the other two generic suppliers to the market, Sipcam and Makhteshim-Agan North America also import their technical grade Metolachlor and formulate in the United States.

Drexel requests a reduction in the duty rate on s-Metolachlor be denied or that the wording in HR 4474 be revised to include the competitive generic Metolachlor under the duty reduction.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stanley Bernard".

Stanley Bernard
Vice President

Copy: Senate Committee on Finance
Bob Shockey
Leigh Shockey

112TH CONGRESS
2^D SESSION

H. R. 4474

To reduce temporarily the rate of duty on s-Metolachlor.

IN THE HOUSE OF REPRESENTATIVES

APRIL 23, 2012

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

A BILL

To reduce temporarily the rate of duty on s-Metolachlor.

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. S-METOLACHLOR.**

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:

“	9902.01.00	Chloro-N-(2-ethyl-6-methylphenyl)-N-(2-methoxy-1-methylethyl)acetamide (s-Metolachlor) (CAS No. 87392-12-9) (provided for in subheading 2924.29.47)	6.0%	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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