

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 108th Congress ¹**

[Date approved: August 6, 2004]²

Bill No. and sponsor: H.R. 4197 (Mr. Bonner)

Proponent name, location: Ciba Specialty Chemicals (contact: John Deming, ((202) 857-5200)

Other bills on product (108th Congress only): None.

Nature of bill: Temporary suspension of duty through until December 31, 2007.

Retroactive effect: None.

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

o-Nitroaniline (CAS No. 88-74-4) (provided for in subheading 2921.42.90).

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 subject chemical is used as an intermediate in the manufacture of azo class dyes such as Vat orange 7 and Vat red 14. The proponent uses the product in the manufacture of light stabilizers for polymers. The chemical is also used in the production of agricultural chemicals, rubber processing chemicals, and water treatment products; it is imported from France, India, the United Kingdom, Germany, Japan and possibly from China.

The last domestic manufacturer of *o*-nitroaniline appears to have been the W.G. Krummrich plant of Monsanto Co., located in Sauget, IL. In 1997, Monsanto reorganized to concentrate on biotechnology and agricultural products, spinning off its other chemical businesses, including the Krummrich facility into Solutia, Inc. Solutia entered Chapter 11 bankruptcy protection on December 17, 2003, reportedly because of the allocation of debt and liabilities at the time of the Monsanto spin-off.³ Solutia's Krummrich

¹ Industry analyst preparing report: Rob Randall (202-205-3366; Tariff Affairs contact: Dave Beck (202-205-2603).

² Access to an electronic copy of this memorandum is available at <http://www.usitc.gov/billrpts.htm> Access to a paper copy is available at the Commission's Law Library (202-205-3287) or at the Commission's Main Library (202-205-2630).

³ <http://www.solutia.com/reorganization/>. June 24, 2004.

site manager confirmed closure of its *o*-nitroaniline plant.

Estimated effect on customs revenue:

HTS subheading: <u>2921.42.90</u>					
 	2004	2005	2006	2007	2008
Col. 1-General rate of duty (AVE) <u>1/</u>	6.5%	6.5%	6.5%	6.5%	6.5%
Estimated value <i>dutiable</i> imports <u>2/</u>	\$7,310,000	\$7,765,000	\$8,055,000	\$8,460,000	\$8,880,000
Customs revenue loss	\$475,000	\$498,750	\$523,685	\$549,870	\$577,365

1/ The AVE is the ad valorem equivalent of a specific or compound duty rate expressed as a percent, using the most recent import data available.

2/ Back calculated from revenue loss provided by the proponent.

Source of estimated dutiable import data: Proponent 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)		
Ciba Specialty Chemicals (proponent) John Deming (202) 857-5200	June 8, 2004	No	No	No
Aakash Chemicals & Dyestuffs, Inc. Marketing Mgr. FAX (630) 469-2255	June 9, 2004	No	No	No
Aceto Corporation Marketing Mgr. FAX (516) 627-6093	June 9, 2004	No	No	No
Alfa Aesar Marketing Mgr. FAX (978) 521-6366	June 9, 2004	No	No	No
Air Products and Chemicals Inc. Marketing Mgr. FAX (610) 481-4381	June 9, 2004	No	No	No

BASF Corporation Coatings & Colorants Division Marketing Mgr. FAX (973) 426-2610	June 9, 2004	No	No	No
Bayer Corporation Coatings & Colorants Division Marketing Mgr. FAX (412) 777-2000	June 9, 2004	No	No	No
Bechem Technical Sales, Inc. Marketing Mgr. FAX (413) 267-5057	June 9, 2004	No	No	No
Carey Industries Inc. Marketing Mgr. FAX (203) 791-2769	June 9, 2004	No	No	No
Crompton Corp., Uniroyal Chemicals Marketing Mgr. FAX (203) 573-2489	June 9, 2004	No	No	No
Eastman Chemical Co. Marketing Mgr. FAX (423) 229-1673	June 9, 2004	No	No	No
Glensea Inc. Marketing Mgr. FAX (281) 859-3314	June 9, 2004	No	No	No
Indofine Chemical Co., Inc. Marketing Mgr. FAX (908) 359-1179	June 9, 2004	No	No	No
Kessler Chemical, Inc. Marketing Mgr. FAX (610) 758-9615	June 9, 2004	No	No	No
Monomer-Polymer & Dajac Labs, Inc. Marketing Mgr. FAX (215) 364-1583	June 9, 2004	No	No	No
Organic Dyestuffs Corporation Marketing Mgr. FAX (401) 438-8136	June 9, 2004	No	No	No
Orient Corporation of America Marketing Mgr. FAX (908) 298-1833	June 9, 2004	No	No	No
Passaic Color & Chemical Company Marketing Mgr. FAX (973) 279-3175	June 9, 2004	No	No	No
Procter & Gamble Chemicals Marketing Mgr. FAX (513) 626-1082	June 9, 2004	No	No	No
Pylam Products Co., Inc. Marketing Mgr. FAX (480) 929-0078	June 9, 2004	No	No	No
Quaker City Chemicals, Inc. Marketing Mgr. FAX (215) 333-2218	June 9, 2004	No	No	No

Rhodia Marketing Mgr. FAX (203) 925-8182	June 9, 2004	No	No	No
Royce Associates Marketing Mgr. FAX (201) 438-5207	June 9, 2004	No	No	No
Solutia, Inc. Jerry Lebold, Site Mgr. (618) 271-5835	June 18, 2004	No	No	No
Specialty Chem Products Corp. Marketing Mgr. FAX (715) 735-5304	June 9, 2004	No	No	No
Spectrum Chemical Manufacturing Marketing Mgr. FAX (877) 901-4582	June 9, 2004	No	No	No
Sunoco, Inc., Chemicals Marketing Mgr. FAX (215) 246-8797	June 9, 2004	No	No	No
Texas Aniline Dye Co., Inc. Marketing Mgr. FAX (978) 826-9462	June 9, 2004	No	No	No
Wilshire Chemical Co. Inc. Marketing Mgr. FAX (323) 770-4910	June 9, 2004	No	No	No

Technical comments:³

Staff recommends that the chemical name in the proposed article description be amended to read as follows:

o-Nitroaniline (CAS No. 88-74-4) (provided for in 2921.42.90)

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.

108TH CONGRESS
2D SESSION

H. R. 4197

To suspend temporarily the duty on othro nitro aniline.

IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2004

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

A BILL

To suspend temporarily the duty on othro nitro aniline.

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. SUSPENSION OF DUTY ON OTHRO NITRO ANI-**
4 **LINE.**

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:

“	9902.34.24	Othro nitro aniline (CAS No. 88-74-4) (provided for in subheading 2921.42.90) ..	Free	No Change	No Change	On or Before 12/31/2007	”.
---	------------	--	------	-----------	-----------	----------------------------	----

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to articles entered, or withdrawn

2

- 1 from warehouse for consumption, on or after the 15th day
- 2 after the date of the enactment of this Act.

○