

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. 4203 (Mr. Coble et al.)³

Proponent name, location: The National Paint and Coatings Association, Washington, DC 20005.

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

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

Retroactive effect: None.

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

Cellulose nitrate (nitrocellulose, including collodions⁴) (provided for in subheading 3912.20.00)

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:

Nitrocellulose (NC) is a white, solid, free-flowing, granular polyester resin produced by nitrating cellulose with a mixture of nitric and sulfuric acids. Cellulose feedstock is typically derived from wood pulp manufacture. NC is made in industrial and propellant (explosives) grades. Industrial grade NC is produced in a wide range of molecular weights, with a nitrogen content of 10.8 to 12.2 percent, while propellant grade has more than 12.2 percent nitrogen. To prevent fire and explosion, industrial-grade NC is typically blended with 30 percent isopropanol and sealed in 55-gallon drums; propellant grade material is blended with 30 percent water and sealed in 55-gallon drums. Industrial grade NC is used chiefly in solvent-base lacquers for furniture finishes; it is also used in printing inks, fingernail polish, adhesives, and other applications. Propellant grade NC (smokeless powder) is used militarily and commercially in weaponry and in dynamite explosives. In 2003, nitrocellulose was imported from eight countries,

¹ Industry analyst preparing report: Ray Cantrell (202-205-3362); 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 There are 17 cosponsors to this bill (accessed at <http://thomas.loc.gov>, June 16, 2004). See attachment to bill.

⁴ A collodion is defined as a solution of nitrocellulose in ether and alcohol.

principally the U.K., Taiwan, Germany, France, and the Czech Republic, in order of importance.^{5 6}

Estimated effect on customs revenue:

HTS subheading: 3912.20.00					
	2004	2005	2006	2007	2008
Col. 1-General rate of duty (AVE) <u>1/</u>	5.2%	5.2%	5.2%	5.2%	5.2%
Estimated value <i>dutiable</i> imports	\$45,000,000	\$46,000,000	\$46,000,000	\$46,000,000	\$46,000,000
Customs revenue loss	\$ 2,340,000	\$2,392,000	\$2,392,000	\$2,392,000	\$2,392,000

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.

Source of estimated dutiable import data: Commission estimates of apparent domestic consumption calculated from Green Tree Chemical Technologies' domestic sales and U.S. imports.

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)		
Green Tree Chemical Technologies <u>1/</u>	6/2/04	No	Yes	No
National Paint and Coatings Association	6/16/04	No	Yes	No

1/ Green Tree closed its commercial grade nitrocellulose plant at Parlin, NJ, in November 2003. The Parlin plant was the only known commercial U.S. producer of industrial or propellant grade nitrocellulose. Currently, Green Tree is attempting to sell the entire plant or portions of it. The U.S. Dept. of Commerce, International Trade Administration, has announced its intention to revoke antidumping duty orders currently in place for imports of nitrocellulose from several countries (see footnote 5). A U.S. Government plant at Radford, VA, produces propellant (smokeless powder) grade nitrocellulose.

⁵ Antidumping duty orders are currently in place for industrial grade nitrocellulose from Brazil, China, France, Germany, Japan, Korea, the U.K, and Yugoslavia. *Federal Register*, vol. 64, No. 207, Oct. 27, 1999, pp. 57843 - 57862.

⁶ In November 2003, Green Tree Chemical Technologies ceased production of nitrocellulose at Parlin, NJ. Green Tree was the only known producer of commercial grade NC (industrial and propellant) remaining in the United States.

Technical comments:⁷ Staff suggests the incorporation of “collodions,” a chemical term used in the Harmonized Tariff Schedule of the United States (2004) for the subject product (see footnote 4).

⁷ 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. 4203

To suspend temporarily the duty on nitrocellulose.

IN THE HOUSE OF REPRESENTATIVES

APRIL 22, 2004

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

A BILL

To suspend temporarily the duty on nitrocellulose.

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. NITROCELLULOSE.**

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:

“	9902.39.13	Cellulose nitrate (nitrocellulose) (provided for in sub-heading 3912.20.00)	Free	Free	No change	On or before 12/31/2007	”.
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8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to articles entered, or withdrawn

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

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