

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 109<sup>th</sup> Congress<sup>1</sup>**

[Date approved: September 12, 2005]<sup>2</sup>

**Bill No. and sponsor:** H.R. 2056 (Mr. Gillmor)

**Proponent name, location:** Church & Dwight Co., Inc.  
Animal Nutrition Group  
Old Fort, OH 44861

**Other bills on product (109<sup>th</sup> Congress only):** S.532 (Mr. DeWine)

**Nature of bill:** Temporarily duty reduction to 1% until 12/31/2009.

**Retroactive effect:** None.

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

Monocarboxylic fatty acids derived from palm oil (provided for in subheading 3823.19.20)

**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:**

Palm fatty acid distillate ("PFAD") is a naturally derived organic material used as a raw material to produce specialized-use animal feeds. The imported product is produced from palm oil by acid hydrolysis, followed by distillation to separate and recover the associated glycerine without fractionation of the palm fatty acids into their pure components.

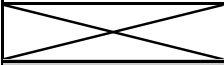
PFAD is reacted with calcium oxide or hydroxide to make a calcium soap used in a specialized animal feed product. The fatty acids are broken down in the animal's digestive system and absorbed in the small intestine and utilized by the cow to make milk fat or as an energy source. NutriScience is a domestic producer of a similar animal feed supplement end-product.

PFAD is imported from Malaysia and the Philippines, with lesser amounts coming from Indonesia, Germany, and occasionally other countries.

<sup>1</sup> Industry analyst preparing report: Robert Randall (202-205-3366); Tariff Affairs contact: David Michels (202-205-3440).

<sup>2</sup> Access to an electronic copy of this memorandum is available at [http://usitc.gov/tata/hts/other/rel\\_doc/bill\\_reports/index.htm](http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm).

**Estimated effect on customs revenue:**

<b>HTS subheading: <u>3823.19.20</u></b>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	2.3%	2.3%	2.3%	2.3%	2.3%
Estimated value <i>dutiable</i> imports	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000
Customs revenue loss <u>1/</u>	\$468,000	\$468,000	\$468,000	\$468,000	\$468,000

1/ Revenue losses (1.3% of value of imports) result from a difference between the current duty rate of 2.3% and the proposed continued reduced rate of 1%.

Source of estimated dutiable import data: Official U.S. Government statistics and industry 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)		
Church & Dwight Co., Inc. (Proponent) Andrew C. Forsell (609) 683-7023	5/26/2005	No	No	No
NutriScience Technologies, Inc. Randy Nemetz (330) 665-1999	6/3/2005	No	No	No
Akzo Nobel Surface Chemistry General Mgr. FAX: (312) 544-7159	6/3/2005	No	No	No
Arizona Chemical General Mgr. FAX: (904) 928-8779	6/3/2005	No	No	No
Ashland Distribution Company General Mgr. FAX: (614) 790-4119	6/3/2005	No	No	No
Cognis Corporation General Mgr. FAX: (520) 624-0912	6/3/2005	No	No	No
Penta Manufacturing Co. General Mgr. FAX: (973) 740-1839	6/3/2005	No	No	No
Procter & Gamble Chemicals General Mgr. FAX: (513) 626-1082	6/3/2005	No	No	No

**Technical comments:**<sup>3</sup> None.

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<sup>3</sup> 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  
1ST SESSION

# H. R. 2056

To reduce temporarily the duty on palm fatty acid distillate.

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IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2005

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

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## A BILL

To reduce temporarily the duty on palm fatty acid distillate.

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. PALM FATTY ACID DISTILLATE.**

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:

“	9902.39.40	Monocarboxylic fatty acids derived from palm oil (pro- vided for in subheading 3823.19.20) .....	1%	No change	No change	On or before 12/31/2009	”.
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8        (b) EFFECTIVE DATE.—The amendment made by  
9 subsection (a) applies to goods entered, or withdrawn from

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

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