

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: November 8, 2005]<sup>2</sup>

**Bill No. and sponsor:** H.R. 2381 (Mrs. Sue Myrick of North Carolina).

**Proponent name, location:** Celanese Corporation, Washington, DC .

**Other bills on product (109<sup>th</sup> Congress only):** H.R. 2445.

**Nature of bill:** Temporary duty reduction through December 31, 2008.

**Retroactive effect:** None.

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

p-Hydroxybenzoic acid (PHBA) (CAS No. 99-96-7) (provided for in subheading 2918.29.22).

**Check one:**      Same as that in bill as introduced  
                   Different from that in bill as introduced (see Technical comments section)

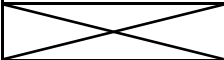
**Product information, including uses/applications and source(s) of imports:**

PHBA, p-hydrobenzoic acid, is a synthetic organic chemical used as a raw material to produce liquid crystal polymers. PHBA is also used in foods, pharmaceuticals, cosmetics, and other products to kill micro-organisms that may damage these products. The proponent currently imports this product from Germany. China, Hong Kong, Japan, Taiwan, and India have also supplied PHBA to the U.S. market.

<sup>1</sup> Industry analyst preparing report: Ed Cappuccilli (202-205-3368); Tariff Affairs contact: Dave 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: 2918.29.22</b>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	6.5%	6.5%	6.5%	6.5%	6.5%
Estimated value <i>dutiable</i> imports <sup>1/</sup>	\$13,500,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Customs revenue loss <sup>2/</sup>	\$459,000	\$510,000	\$510,000	\$510,000	\$510,000

<sup>1/</sup> p-Hydroxybenzoic acid is the sole chemical entering in subheading 2918.29.22; estimated value of dutiable imports is based on value of the total import category.

<sup>2/</sup> The estimated Customs revenue loss results from a difference between the rate of duty shown and the proposed reduced rate of 3.1%. The Commission notes that the subject chemical is eligible for a duty suspension under HTS heading 9902.29.03 that expires on December 31, 2006.

Source of estimated dutiable import data: Industry estimates and Commission 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)		
Celanese Corporation (Proponent) Bob Carpenter 202-637-3469	9/19/2005	No	No	No
Abbott Laboratories Elaine Leavenworth fax: 202-783-6631	9/13/2005	No	No	No
Bayer Karen Niedermeyer fax: 412-777-4740	9/13/2005	No	No	No
Bayer Julie Von Egmund fax: 202-737-8908	9/13/2005	No	No	No
Biddle Sawyer William Thonack fax: 212-239-1089	9/13/2005	No	No	No
Ciba Specialty Chemicals John Deming fax: 302-479-5152	9/13/2005	No	No	No
Clariant Corp. Andrew Zamoyski fax: 401-823-2700	9/13/2005	No	No	No

E.I. DuPont Nancy Johnson fax: 202-728-3649	9/13/2005	No	No	No
E.I. DuPont Helen McMahon fax: 302-774-1398	9/13/2005	No	No	No
E.I. DuPont Elaine Olson fax: 302-892-7343	9/13/2005	No	No	No
Eastman Chemical Co. Greg Riddle fax: 703-524-7707	9/13/2005	No	No	No
Eastman Chemical Co. Jorge SanPedro fax: 703-524-7707	9/13/2005	No	No	No
LANXESS Corporation Steve Ziehm e-mail: sziehm@ibgc.com	9/13/2005	No	No	No
Honeywell International Art Simonetti fax: 202-662-2675	9/13/2005	No	No	No
Noveon Tom Dirmyer fax: 214-415-6001	9/13/2005	No	No	No
Monsanto Corp. Michael Parrish fax: 202-789-1867	9/13/2005	No	No	No
Monsanto Corp. Linda Strachan fax: 202-789-1867	9/13/2005	No	No	No
Rhodia Dominick Cangiana fax: 609-860-1841	9/13/2005	No	No	No
Solutia Sue Cannon fax: 314-674-1585	9/13/2005	No	No	No
Solutia Dan Jenkins fax: 314-674-1585	9/13/2005	No	No	No
Uniroyal Chemical Company Lloyd Moon fax: 203-573-4430	9/13/2005	No	No	No

**Technical comments:<sup>3</sup>**

The Commission suggests that the article description on page 1 of this report be used in the proposed new heading as it reflects wishes by the proponent to conform to the revenue loss cap for all grades of PHBA.

<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.

109<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 2381

To reduce temporarily the duty on PHBA.

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IN THE HOUSE OF REPRESENTATIVES

MAY 16, 2005

Mrs. MYRICK 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 PHBA.

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. PHBA.**

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:

“	9902.12.01	PHBA (p-hydroxybenzoic acid), of a kind used in the production of liquefied crystal polymer (LPC) (CAS No. 99-96-7) (provided for in subheading 2918.29.22) .....	3.1%	No change	No change	On or before 12/31/2008	”.
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1       (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) applies to goods entered, or withdrawn from  
3 warehouse for consumption, on or after the 15th day after  
4 the date of enactment of this Act.

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