



## 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/](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)):**

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

(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**

Palm fatty acid distillate ("PFAD") is a naturally derived organic material used as a raw material to produce specialized-use animal feeds. Malaysia is the major source of U.S. imports of PFAD.

In addition to extending the temporary duty reduction, this bill would change the temporary rate of duty of the Chapter 99 provision from 1.2 percent to 1.4 percent.

**IV. Estimated effect on customs revenue**

| Subject product HTS subheading(s)                            | 3823.19.20 |            |            |            |            |
|--|------------|------------|------------|------------|------------|
| Item   | 2013       | 2014       | 2015       | 2016       | 2017       |
| Col.1-general rate of duty or percentage point reduction (%) | 0.9        | 0.9        | 0.9        | 0.9        | 0.9        |
| Estimated value of <i>dutiable</i> imports (\$)              | 71,000,000 | 70,000,000 | 70,000,000 | 70,000,000 | 70,000,000 |
| Customs revenue loss (\$)                                    | 639,000    | 630,000    | 630,000    | 630,000    | 630,000    |

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**

None

**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  | Church & Dwight (Interested entity)<br>Andrew C. Forsell | 609-683-7023      | No   | No                  | No               |
| 2  | 3M<br>Greg Walters                                       | 202-414-3008      | No   | No                  | No               |
| 3  | Air Products<br>Richard F. Goodstein                     | 202-639-0840      | No   | No                  | No               |
| 4  | Albaugh<br>Stuart Feldstein                              | 515-964-9444      | No   | No                  | No               |
| 5  | Arizona Chemical<br>Mike Husain                          | 912-238-7455      | Yes  | Yes                 | Yes              |
| 6  | Arkema<br>David Kunz                                     | 202-263-3491      | No   | No                  | No               |
| 7  | Ashland<br>Frank Fusiak                                  | 973-628-4123      | No   | No                  | No               |
| 8  | BASF<br>Richard J. Salamone                              | 973-895-8316      | No   | No                  | No               |
| 9  | Bayer<br>Steve Johnsen                                   | 412-777-5616      | No   | No                  | No               |
| 10 | Celanese<br>Samuel Ramirez                               | 972-443-4689      | No   | No                  | No               |
| 11 | Chemtura<br>Elizabeth J. Thomasino                       | 203-573-2644      | No   | No                  | No               |
| 12 | Clariant<br>Andrew Zamoyski                              | 202-415-9159      | No   | No                  | No               |
| 13 | ColorChem<br>Steven Printz                               | 770-993-5500, x18 | No   | No                  | No               |
| 14 | Crowell & Moring, LLP<br>Mike Gill                       | 202-508-8843      | No   | No                  | No               |
| 15 | DSM<br>Sheetal Bhadekar                                  | 973-257-8323      | No   | No                  | No               |
| 16 | Dixie Chemical<br>Mal Johnson                            | 281-291-2659      | No   | No                  | No               |
| 17 | Dow Chemical Co.<br>Lisa Schroeter                       | 202-429-3407      | No   | No                  | No               |
| 18 | Drexel Chemical<br>Stanley Bernard                       | 901-774-4370      | 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 | DuPont<br>Elaine M. Olsen                       | 302-992-2263      | No   | No                  | No               |
| 20 | DyStar L.P.<br>Megan Malone                     | 202-344-4621      | No   | No                  | No               |
| 21 | Eastman<br>Brent Perry                          | 202-347-9547      | No   | No                  | No               |
| 22 | Emerald Performance Materials<br>Thomas Dirmyer | 330-916-6706      | No   | No                  | No               |
| 23 | Evonik<br>Russell Mait                          | 804-452-5711      | No   | No                  | No               |
| 24 | FMC<br>Jerry Prout                              | 202-956-5209      | No   | No                  | No               |
| 25 | Fanwood Chemical<br>V. M. (Jim) DeLisi          | 908-322-8440      | No   | No                  | No               |
| 26 | Honeywell<br>Art Simonetti                      | 202-662-2671      | No   | No                  | No               |
| 27 | Huntsman<br>Robert F. Hurley                    | 202-289-9800      | No   | No                  | No               |
| 28 | Kemira<br>Rajesh Sharma                         | 678-819-4577      | No   | No                  | No               |
| 29 | LANXESS<br>Jamie B. Schaeffer                   | 412-809-3666      | No   | No                  | No               |
| 30 | Lonza<br>Joe Robinson                           | 201-316-9364      | No   | No                  | No               |
| 31 | Milliken<br>Kathi Dutilh                        | 202-775-0084      | No   | No                  | No               |
| 32 | Monsanto<br>James K. Travis                     | 202-383-2864      | No   | No                  | No               |
| 33 | Nation Ford Chemical<br>Jay Dickson             | 803-548-3210, x15 | No   | No                  | No               |
| 34 | Nufarm Americas<br>Joel Junker                  | 206-621-7878      | No   | No                  | No               |
| 35 | PPG Industries<br>Bill Ries                     | 412-434-1717      | No   | No                  | No               |
| 36 | Procter & Gamble<br>Matt Mattingley             | 202-841-5601      | No   | No                  | No               |
| 37 | Purolite<br>Gary Thundercliffe                  | 484-384 2708      | No   | No                  | No               |

|    |  |              |    |    |    |
|----|--|--------------|----|----|----|
| 38 | Rhodia<br>Jackie Guscott                     | 609-860-3379 | No | No | No |
| 39 | Royce Associates, ALP<br>Terry Scheirer      | 201-438-5200 | No | No | No |
| 40 | SOCMA<br>Robert E. Branand, Esq.             | 202-345-2717 | No | No | No |
| 41 | Sensient Technologies<br>Ken Goldacker       | 314-658-7363 | No | No | No |
| 42 | Sigma Aldrich<br>Jared Fenton                | 314-286-8326 | No | No | No |
| 43 | Solutia<br>Kassie Wooton                     | 314-674-3297 | No | No | No |
| 44 | Solvay<br>Andrew K. Jones                    | 856-251-3412 | No | No | No |
| 45 | Symrise<br>Elizabeth Scharlat                | 908-429-6821 | No | No | No |
| 46 | Syngenta<br>Mike Blythe                      | 336-632-2824 | No | No | No |
| 47 | Tessenderlo Kerley<br>Brian Thomassen        | 602-889-8397 | No | No | No |
| 48 | United Color Manufacturing<br>Tom Nowakowski | 215-860-2165 | No | No | No |
| 49 | Valent<br>Robin Demouth                      | 925-256-2758 | No | No | No |



1201 West Lathrop Avenue  
Gate A, Tech 2  
Savannah, GA 31415

July 11, 2012

Elizabeth Nesbitt  
United States International Trade Commission  
500 E Street SW  
Washington, DC 20436

RE: Fatty Acid Temporary Duty Suspension

Dear Ms. Nesbitt:

Attached is the AZC rebuttal of the Church & Dwight, Co., Inc proposal, HR 4721, sponsored by Representative Rush Holt of New Jersey.

- Arizona Chemical is a domestic producer of fatty acids (CAS number 61790-12-3, Harmonized Tariff Code 3823.13.0020) which compete with imported monocarboxylic fatty acids derived from palm oil (9902.11.32). Accordingly, we object to a duty suspension for fatty acid. The duty suspension will likely serve to increase trade imbalances, as AZC fatty acid compete with imported products on small margin differences.
- Arizona Chemical produces over 220,000 short tons of competitive product domestically, primarily utilizing US biomass materials. As a producer of bio-based chemicals which does not receive bio-energy subsidies, we believe that additional assistance to our bio-based competitors is not warranted.
- There is no known benefit to Arizona Chemical if the duty suspension is granted. To the contrary, we believe that it would damage Arizona Chemical, who manufactures competitive product in Ohio, Georgia, and Florida.
- Arizona Chemical has no formal affiliation with Church and Dwight.

If you have any questions please call me at (912) 238-7455.

Sincerely,

Mike Husain  
Operation Initiatives Director

112TH CONGRESS  
2D SESSION

# H. R. 4721

To extend and modify the temporary reduction of duty on monocarboxylic fatty acids derived from palm oil.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 25, 2012

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

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## A BILL

To extend and modify the temporary reduction of duty on monocarboxylic fatty acids derived from palm oil.

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. MONOCARBOXYLIC FATTY ACIDS DERIVED**  
4 **FROM PALM OIL.**

5 (a) IN GENERAL.—Heading 9902.11.32 of the Har-  
6 monized Tariff Schedule of the United States (relating to  
7 monocarboxylic fatty acids derived from palm oil) is  
8 amended—

9 (1) by striking “1.2%” and inserting “1.4%”;

10 and

1           (2) by striking the date in the effective period  
2           column and inserting “12/31/2015”.

3           (b) **EFFECTIVE DATE.**—The amendments made by  
4           subsection (a) apply with respect to goods entered, or  
5           withdrawn from warehouse for consumption, on or after  
6           the 15th day after the date of enactment of this Act.

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