



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/.
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)):

Hydrazine hydrate, aqueous solution (all grades) (CAS No. 7803-57-8) (provided for in subheading 2825.10.00)

(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

The subject product is used in the production of pharmaceuticals and agricultural chemicals, and also as an oxygen scavenger and blowing agent. It is imported from France. Opposition to this bill is noted below in the Contacts table.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	2825.10.00				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	3.7	3.7	3.7	3.7	3.7
Estimated value of <i>dutiable</i> imports (\$)	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000
Customs revenue loss (\$)	666,000	666,000	666,000	666,000	666,000

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	Charkit Chemical (Interested entity) Bryant Hinnant	203-299-3220	No	No	No
2	3M Greg Walters	202-414-3008	No	No	No
3	Air Products Richard F. Goodstein	202-639-0840	No	No	No
4	Albaugh Stuart Feldstein	515-964-9444	No	No	No
5	Arkema David Kunz	202-263-3491	No	No	No
6	Ashland Frank Fusiak	973-628-4123	No	No	No
7	BASF Richard J. Salamone	973-895-8316	No	No	No
8	Bayer Steve Johnsen	412-777-5616	No	No	No
9	Celanese Samuel Ramirez	972-443-4689	No	No	No
10	Chemtura Elizabeth J. Thomasino	203-573-2644	No	No	No
11	Clariant Andrew Zamoyski	202-415-9159	No	No	No
12	ColorChem Steven Printz	770-993-5500, x18	No	No	No
13	Cytec Industries Thomas Irwin	973-357-3479	No	No	No
14	Crowell & Moring, LLP Mike Gill	202-508-8843	No	No	No
15	DSM Sheetal Bhadekar	973-257-8323	No	No	No
16	Dixie Chemical Mal Johnson	281-291-2659	No	No	No
17	Dow AgroSciences Jim DeLisi	908-322-8440	No	No	No
18	Dow Chemical Co. Lisa Schroeter	202-429-3407	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	Drexel Chemical Stanley Bernard	901-774-4370	No	No	No
20	DuPont Elaine M. Olsen	302-992-2263	No	No	No
21	DyStar L.P. Megan Malone	202-344-4621	No	No	No
22	Eastman Brent Perry	202-347-9547	No	No	No
23	Emerald Performance Materials Thomas Dirmyer	330-916-6706	No	No	No
24	Evonik Russell Mait	804-452-5711	No	No	No
25	FMC Jerry Prout	202-956-5209	No	No	No
26	Fanwood Chemical V. M. (Jim) DeLisi	908-322-8440	No	No	No
27	Honeywell Art Simonetti	202-662-2671	No	No	No
28	Huntsman Robert F. Hurley	202-289-9800	No	No	No
29	Kemira Rajesh Sharma	678-819-4577	No	No	No
30	LANXESS Jamie B. Schaeffer	412-809-3666	No	No	No
31	Lonza (formerly Arch Chemicals) Sheri Donna	201-316-9369	Yes	Yes	Yes
32	Milliken Kathi Dutilh	202-775-0084	No	No	No
33	Monsanto James K. Travis	202-383-2864	No	No	No
34	Nation Ford Chemical Jay Dickson	803-548-3210, x15	No	No	No
35	Nufarm Americas Joel Junker	206-621-7878	No	No	No
36	PPG Industries Bill Ries	412-434-1717	No	No	No
37	Procter & Gamble Matt Mattingley	202-841-5601	No	No	No

38	Purolite Gary Thundercliffe	484-384-2708	No	No	No
39	Rhodia Jackie Guscott	609-860-3379	No	No	No
40	Royce Associates, ALP Terry Scheirer	201-438-5200	No	No	No
41	SOCMA Robert E. Branand, Esq.	202-345-2717	No	No	No
42	Sensient Technologies Ken Goldacker	314-658-7363	No	No	No
43	Sigma-Aldrich Jared Fenton	314-286-8326	No	No	No
44	Solutia Kassie Wooton	314-674-3297	No	No	No
45	Solvay Andrew K. Jones	856-251-3412	No	No	No
46	Symrise Elizabeth Scharlat	908-429-6821	No	No	No
47	Syngenta Mike Blythe	336-632-2824	No	No	No
48	United Color Manufacturing Tom Nowakowski	215-860-2165	No	No	No
49	Valent Robin Demouth	925-256-2758	No	No	No



Chairwoman Deanna Tanner Okun
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Lonza Inc
90 Boroline Drive
Allendale, NJ 07401

James Barnatt
Business Manager – Hydrazine
Lake Charles Plant
960 Interstate 10
Westlake, La 70669

May 29, 2012

Re: Opposition to H.R. 5106 and S. 2796

To Whom It May Concern:

On behalf of Lonza, I am writing to oppose H.R. 5106 and S. 2796, which would suspend temporarily the import duty on hydrazine hydrate, aqueous solution. Lonza (formerly Arch Chemicals) is the only U.S. producer of hydrazine hydrate, and hydrazine propellants at our Lake Charles, Louisiana production facility. As such, Lonza objects to the proposed tariff change.

My understanding is that these bills would allow imports of hydrazine hydrate to enter the U.S. at a zero percent duty compared with the current 3.7% duty. This would allow imports of hydrazine hydrate to enter from countries which have a combination of lower production costs and higher import duties on hydrazine products produced in the U.S. These bills would negatively affect our ability to competitively produce hydrazine hydrate in the U.S. and supply it to the domestic and international markets. Most notably, in 2004 China imposed a duty of 184% on imports of U.S. produced hydrazine. The duty remains in effect today. This effectively takes away Lonza's ability to compete in the growing Chinese market. If the duty is abolished it will allow Japanese, Germans and French-based companies to import to the U.S. without duty while U.S. exports will continue to pay duty of approximately 5% to these countries.

In 2005, Lonza (formerly Arch Chemicals) was awarded a 20-year contract by the United States Department of Defense for the production, storage, distribution and handling of hydrazine propellants for the U.S. government from our Lake Charles, Louisiana production facility. The terms of the contract call for an initial 10-year supply contract which began in 2005, followed by two five-year renewal terms at the option of the government. For more than 50 years, Lonza has served as the sole U.S. supplier of hydrazine propellants.

Additionally, Lonza (formerly Arch Chemicals) has previously objected to a similar hydrazine tariff suspension request in 2005 and 2008.

Lonza is one of the world's leading suppliers to the pharmaceutical, healthcare and life science industries. Products and services span its customers' needs from research to final product manufacture. Further, Lonza is the world leader in microbial control providing innovative, chemistry-based and related solutions to destroy or to selectively inhibit the growth of harmful microorganisms. Its activities encompass the areas of water treatment,

2/2, May 29,2012

personal care, health and hygiene, industrial preservation, materials protection, and wood treatment. In addition, Lonza is a leader in cell-based research, endotoxin detection and cell therapy manufacturing. Furthermore, the company is a leading provider of value chemical and biotech ingredients to the nutrition and agro markets. The corporate headquarters is in Basel, Switzerland with US offices in Atlanta, Georgia and Allendale, New Jersey. In 2011, the company had sales of CHF 2.69 billion. Further information can be found at www.lonza.com.

Please do not hesitate to contact me at (337) 430-4023 or james.barnatt@Lonza.com if you have any further questions or if there is any more information that Lonza can provide.

Sincerely,
Lonza Inc.


James Barnatt

Cc:
Committee on Ways and Means, U.S. House of Representatives
Committee on Finance, U.S. Senate

112TH CONGRESS
2D SESSION

H. R. 5106

To suspend temporarily the duty on hydrazine hydrate, aqueous solution.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2012

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

A BILL

To suspend temporarily the duty on hydrazine hydrate, aqueous solution.

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. HYDRAZINE HYDRATE, AQUEOUS SOLUTION.**

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:

“	9902.01.00	Hydrazine hydrate, aqueous solution (all grades) (CAS No. 7803–57–8) (provided for in sub-heading 2825.10.00)	Free	No change	No change	On or before 12/31/2015	”.
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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 the enactment of this Act.

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