



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)):

Rosin and resin acids, and derivatives thereof (provided for in subheadings 3806.10.00 and 3806.90.00)

(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 products are used as caulks, sealants, and hot melt adhesives. They are imported from the Netherlands.

Also, according to the appropriate National Import Specialist at U.S. Customs and Border Protection, although this provision could be administered by Customs, such imports may require lab analysis in some cases to determine correct classification.

As written, the bill appears to cover all of the products entering under HTS subheadings 3806.10.00 and 3808.90.00.

Opposition to this bill is noted below in the Contacts table.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	3806.10.00 and 3806.90.00 (see VI. Continuation)				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	4.6	4.6	4.6	4.6	4.6
Estimated value of <i>dutiable</i> imports (\$)	72,000,000	72,000,000	72,000,000	72,000,000	72,000,000
Customs revenue loss (\$)	3,312,000	3,312,000	3,312,000	3,312,000	3,312,000

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

The modified article description reflects changes to the text. Given the lack of specificity in the article description in the bill as written; and after discussion with the appropriate National Import Specialist at U.S. Customs and Border Protection, the modified article description above reflects the addition of HTS subheading 3806.10.00 to cover "rosin and resin acids." The derivatives would be covered under HTS subheading 3806.90.00.

VI. Continuation

IV. Estimated effect on customs revenue -- continued

HTS No. 3806.10.00 (5%)

2013 - 1,800,000

2014 - 1,800,000

2015 - 1,800,000

2016 - 1,800,000

2017 - 1,800,000

HTS No. 3806.90.00 (4.2%)

2013 - 1,512,000

2014 - 1,512,000

2015 - 1,512,000

2016 - 1,512,000

2017 - 1,512,000

The estimated revenue loss above is calculated using a trade-weighted rate of duty and the value of imports in 2011 for each HTS subheading listed above.

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	Eastman (Interested entity) Brent Perry	202-347-9547	No	No	No
2	3M Greg Walters	202-414-3008	No	No	No
3	Air Products and Chemicals Richard F. Goodstein	202-639-0840	No	No	No
4	Albaugh Stuart Feldstein	515-964-9444	No	No	No
5	Arizona Chemical Mike Husain	912-238-7455	Yes	Yes	Yes
6	Arkema David Kunz	202-263-3491	No	No	No
7	Ashland Frank Fusiak	973-628-4123	No	No	No
8	BASF Richard J. Salamone	973-895-8316	No	No	No
9	Bayer Steve Johnsen	412-777-5616	No	No	No
10	Celanese Samuel Ramirez	972-443-4689	No	No	No
11	Chemtura Elizabeth J. Thomasino	203-573-2644	No	No	No
12	Clariant Andrew Zamoyski	202-415-9159	No	No	No
13	ColorChem Steven Printz	770-993-5500, x18	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 Lisa Schroeter	202-429-3407	No	No	No
18	Drexel Chemical 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 Elaine M. Olsen	302-992-2263	No	No	No
20	DyStar L.P. Megan Malone	202-344-4621	No	No	No
21	Emerald Performance Materials Thomas Dirmyer	330-916-6706	No	No	No
22	Evonik Russell Mait	804-452-5711	No	No	No
23	FMC Jerry Prout	202-956-5209	No	No	No
24	Fanwood Chemical V. M. (Jim) DeLisi	908-322-8440	No	No	No
25	Honeywell Art Simonetti	202-662-2671	No	No	No
26	Huntsman Robert F. Hurley	202-289-9800	No	No	No
27	Kemira Rajesh Sharma	678-819-4577	No	No	No
28	LANXESS Jamie B. Schaeffer	412-809-3666	No	No	No
29	Lonza Joe Robinson	201-316-9364	No	No	No
30	Milliken Kathi Dutilh	202-775-0084	No	No	No
31	Monsanto James K. Travis	202-383-2864	No	No	No
32	Nation Ford Chemical Jay Dickson	803-548-3210, x15	No	No	No
33	Nufarm Americas Joel Junker	206-621-7878	No	No	No
34	PPG Industries Bill Ries	412-434-1717	No	No	No
35	Procter & Gamble Matt Mattingley	202-841-5601	No	No	No
36	Purolite Gary Thundercliffe	484-384-2708	No	No	No
37	Rhodia Jackie Guscott	609-860-3379	No	No	No

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



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

July 10, 2012

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

RE: Rosin Temporary Duty Suspension

Dear Ms. Nesbitt:

Attached is the AZC rebuttal of the Eastman Chemical Company proposal, HR 5297, sponsored by Representative David Roe of Tennessee.

- Arizona Chemical is a domestic producer of Tall Oil Rosin (CAS number 8050-09-7, 3806.10.0050 Rosin and resin acids, and derivatives thereof; rosin spirit and rosin oils; run gums: Other) which competes with imported rosin (3806.90.00 Rosin and resin acids, and derivatives thereof; other). Accordingly, we object to a duty suspension for rosin. The duty suspension will likely serve to increase trade imbalances, as AZC rosin primarily compete with imported products on small margin differences.
- Arizona Chemical also believes that rosin imports have significantly increased over the past 10 years, such that the total US duties would likely exceed \$500,000 annually. Our unofficial estimate (based on the PIERS data) puts Chinese gum rosin imports alone about 5,000 metric tons annually at a sales price of about \$1,200 per metric ton, and this estimate does not include Chinese gum rosin derivatives that are also imported into the United States. Including all other countries of origin, the total US rosin import is estimated over 7,000 metric tons annually. Without the duty suspension in place, the US would receive revenue in excess of \$500,000 annually. Passage of HR 5297, therefore, would result in a loss to the US of more than \$1.5 million in duties over the life of the proposed suspension.
- Arizona Chemical produces over 200,000 metric tons of rosin 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 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 rosin in both Georgia and Florida.
- Arizona Chemical has no formal affiliation with Eastman Chemical Company, though we are both members of the Pine Chemical Association and operate chemical businesses in the US. It is our understanding that Eastman permanently idled their domestic CTO fractionation facility in 2008.

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

Sincerely,

Mike Husain
Operation Initiatives Director

112TH CONGRESS
2D SESSION

H. R. 5297

To suspend temporarily the duty on rosin and resin acids and derivatives thereof.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2012

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

A BILL

To suspend temporarily the duty on rosin and resin acids and derivatives thereof.

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. ROSIN AND RESIN ACIDS AND DERIVATIVES**

4 **THEREOF.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of
6 the Harmonized Tariff Schedule of the United States is
7 amended by inserting in numerical sequence the following
8 new heading:

“	9902.01.00	Rosin and resin acids, and derivatives thereof; other (provided for in sub-heading 3806.90.00)	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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