



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)):

Clearcoat lacquer, based on vinyl or acrylic polymers (provided for in subheading 3208.20.00)

(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 a lacquer made of a blend of formulated acrylic resins, organic solvents, and additives. It is used as an intermediate in the manufacture of OEM automotive clearcoats. It is imported from Germany. Opposition to this bill is noted in the Contacts table.

IV. Estimated effect on customs revenue

Table with 6 columns: Item, 2013, 2014, 2015, 2016, 2017. Rows include Col.1-general rate of duty or percentage point reduction (%), Estimated value of dutiable imports (\$), and Customs revenue loss (\$).

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

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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	BASF (Interested entity) Richard J. Salamone	973-895-8316	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	American Coatings Association Marie Hobson	202-462-6272	Yes	Yes	No
6	Arkema David Kunz	202-263-3491	No	No	No
7	Ashland Frank Fusiak	973-628-4123	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	Crowell & Moring, LLP Mike Gill	202-508-8843	No	No	No
14	DSM Sheetal Bhadekar	973-257-8323	No	No	No
15	Dixie Chemical Mal Johnson	281-291-2659	No	No	No
16	Dow Lisa Schroeter	202-429-3407	No	No	No
17	Drexel Chemical Stanley Bernard	901-774-4370	No	No	No
18	DuPont Elaine M. Olsen	302-992-2263	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	DyStar L.P. Megan Malone	202-344-4621	No	No	No
20	Eastman Brent Perry	202-347-9547	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	INVISTA Roger Ramseyer	316-828-1525	No	No	No
28	Kemira Rajesh Sharma	678-819-4577	No	No	No
29	LANXESS Jamie B. Schaeffer	412-809-3666	No	No	No
30	Lonza Joe Robinson	201-316-9364	No	No	No
31	Milliken Kathi Dutilh	202-775-0084	No	No	No
32	Monsanto James K. Travis	202-383-2864	No	No	No
33	Nation Ford Chemical Jay Dickson	803-548-3210, x15	No	No	No
34	Nufarm Americas Joel Junker	206-621-7878	No	No	No
35	PPG Industries Bill Ries	412-434-1717	Yes	Yes	Yes
36	Philips Electronics Randall B. Moorhead	202-962-8555	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	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	Tessenderlo Kerley Brian Thomassen	602-889-8397	No	No	No
49	United Color Manufacturing Tom Nowakowski	215-860-2165	No	No	No
50	Valent Robin Demouth	925-256-2758	No	No	No



AmericanCoatings
ASSOCIATION

July 27, 2012

Lawrence Johnson
International Trade Analyst
United States International Trade Commission
Explosives, Inks, Paints, Pigments, and Related Products
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**RE: Senate Bill 2495; Temporary Tariff Suspension on Certain Clearcoat
Lacquers**

Dear Mr. Johnson,

The American Coatings Association (ACA)¹ appreciates the opportunity to provide information regarding the above referenced legislation (S.2495). This information is in response to the International Trade Commission's request for information regarding (1) U.S. producers of clearcoat lacquers, (2) approximate size of the domestic market and (3) any comments from members of the industry.

1. U.S. Producers of Clearcoat Lacquers

According to the US Paint and Coatings Industry Market Analysis (2010-2015), there are a number of large and small suppliers of coatings to the automotive original equipment manufacturers (OEM) coatings market. Products that would be encompassed by HTS Number: 3208.20.00 are also used in the automotive refinish market, in which many of the same companies that supply the OEM market also participate, along with some suppliers who supply solely refinish products.

ACA understands that while some products included under HTS Number: 3208.20.00 are imported into the US, automotive clearcoats for both OEM and refinish applications are also manufactured domestically at a number of US locations, including, but not limited to, at least two facilities in Ohio, as well as Virginia, Texas, Kentucky, and Mississippi.

¹ ACA is a voluntary, non-profit trade association working to advance the needs of the paint and coatings industry and the professionals who work in it. The organization represents paint and coatings manufacturers, raw materials suppliers, distributors, and technical professionals. ACA serves as an advocate and ally for members on legislative, regulatory and judicial issues, and provides forums for the advancement and promotion of the industry through educational and professional development services.

2. Size of the Domestic Market

The US Paint and Coatings Industry Market Analysis (2010-2015) indicates that the size of the automotive OEM coatings market was 46 million gallons and \$1.125 billion in 2010. Topcoats, such as those included in HTS Number: 3208.20.00, represent about 20% of the volume and about 21% of the value of that market (approximately 9.2 million gallons and \$236 million). The size of the refinish market in 2010 was approximately 56 million gallons, with clearcoats comprising about 39% of the overall market (approximately 22 million gallons and \$750 million).

ACA has informed its membership of the legislation, but given the divergent views of the membership, we have requested that members companies provide comment directly to you. At this time, ACA will not be taking a formal position. Thank you again for the opportunity to provide information on S.2495. Please do not hesitate to contact ACA with any additional questions.

Respectfully Submitted,

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From: [Ries, William](#)
To: [Nesbitt, Elizabeth](#)
Subject: S. 2495
Date: Friday, August 03, 2012 9:54:45 AM

Ellie –

Good morning. PPG Industries would like to raise concerns about S. 2495, which would provide tariff relief for “clearcoat lacquers, based on vinyl or acrylic polymers,” as there is not enough detail in the bill to determine whether products made at our Delaware, Ohio, facility would be included in the definition. Specifically, PPG Refinish makes lacquer clearcoats, and, if the definition includes 2-pack clearcoats, then those are domestically manufactured. Lacquers are not clearly defined in the rule; they are low solids single pack coatings products intended to cure in ambient conditions.

If there is more information available that addresses our concerns, we would remove our opposition to the proposal.

As we discussed, we just need some additional clarity to ensure that the relief is not granted for anything we produce. I’m happy to work with my colleagues to answer any questions as you work through this.

Thank you,
Bill

Bill Ries
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112TH CONGRESS
2D SESSION

S. 2495

To suspend temporarily the duty on certain clearcoat lacquer.

IN THE SENATE OF THE UNITED STATES

APRIL 26, 2012

Mr. BROWN of Ohio introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To suspend temporarily the duty on certain clearcoat lacquer.

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. CERTAIN CLEARCOAT LACQUER.**

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	Clearcoat lacquer, based on vinyl or acrylic polymers (provided for in subheading 3208.20.00)	Free	No change	No change	On or before 12/31/2015	”.
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8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies with respect to goods entered, or

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

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