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SENATE

{ REPORT
106-2

MISCELLANEOUS TRADE AND TECHNICAL CORRECTIONS ACT OF 1999

FEBRUARY 3, 1999.—Ordered to be printed

Mr. ROTH, from the Committee on Finance,
submitted the following

REPORT

[To accompany S. 262]

[Including cost estimate of the Congressional Budget Office]

The Committee on Finance, to which was referred the bill (S. 262) to make technical corrections and miscellaneous amendments to the trade laws, having considered the same, reports favorably thereon and recommends that the bill do pass.

I. BACKGROUND

On February 17, 1998 and on April 9, 1998, Chairman Roth requested public comment on a package of technical corrections, temporary duty suspensions or reductions and other miscellaneous trade proposals introduced during the 105th Congress and referred to the Committee on Finance. S. 262, as amended, includes many of these bills which, based upon the comments submitted to the Committee on Finance by the U.S. Customs Service, the U.S. Department of Commerce, the U.S. International Trade Commission (ITC), the United States Trade Representative and other agencies, the Committee has found to be non-controversial.

II. SUMMARY OF S. 262

Short Title; Table of Contents (Section 1)

This section provides that this Act may be cited as the “Miscellaneous Trade and Technical Corrections Act of 1999.” This section also provides a table of contents for the Act.

TITLE I—MISCELLANEOUS TRADE CORRECTIONS

Clerical amendments (Section 1001)

Explanation of provision

This provision makes clerical amendments to the trade laws to bring them up to date with current institutions and statutes.

Reason for change

The provision is necessary to bring trade law into compliance with current terminology and statutes resulting from new agreements.

Obsolete references to GATT (Section 1002)

Present law

In many instances, the U.S. Code still references the General Agreement on Tariffs and Trade (GATT).

Explanation of provision

The provision will update several provisions of the U.S. code to properly refer to the GATT and the World Trade Organization (WTO).

Reason for change

On January 1, 1995, the WTO was created to administer the GATT 1994 and the Uruguay Round Agreements. Section 1002 revises various provisions of the trade laws to reflect the establishment of the WTO and the Uruguay Round Agreements.

Classification of 13-inch televisions (Section 1003)

Present law

Televisions with an exact diagonal measurement of 33.02 cm (13 inches) are classifiable under HTS subheading 8528.12.20, which corresponds to a duty rate of Free. If the diagonal measurement exceeds 33.02 cm, but does not exceed 35.56 cm, then the televisions are classifiable under HTS subheading 8528.12.24 with a corresponding duty rate of 5 percent.

Explanation of provision

This provision corrects the classification of certain televisions in the HTS by specifying that “13-inch” television receivers, monitors, and picture tubes, and combination TV/VCRs, may have diagonal measurement up to “34.29 centimeters,” which is 13 and one-half inches, in the HTS. This correction gives the Customs Service the authority it needs to apply lower tariffs on “13-inch” televisions up to 34.29 centimeters.

Reason for change

During the GATT Uruguay Round, the United States agreed to phase down U.S. tariffs on “13-inch” television receivers, monitors, and picture tubes, and on combination TV/VCRs, over the period from 1995 to 1999. Specifically, the United States agreed to reduce tariffs on receivers and monitors from 5 percent to zero, on picture

tubes from 15 percent to 7.5 percent, and on combination TV/VCRs from 3.9 percent to zero. The term “13-inch” is a commercial designation employed by television manufacturers to describe television products whose picture tubes are approximately, but not exactly, 13 inches by diagonal measurement.

The correction does not increase the number of television receivers, monitors, and picture tubes, and combination TV/VCRs, on which lower tariffs were stipulated by the Uruguay Round Agreement. Accordingly, the provision is revenue-neutral under Congressional budget rules because the cost of the reductions in tariffs on these “13-inch” television products was paid for when the Uruguay Round implementing legislation was enacted.

Effective date

This provision shall go into effect 15 days after the date of enactment of the Act.

TITLE II—TEMPORARY DUTY SUSPENSIONS AND REDUCTIONS AND OTHER TRADE PROVISIONS

SUBTITLE A: TEMPORARY DUTY SUSPENSIONS AND REDUCTIONS

The provisions in Subtitle A consist of temporary suspensions and reductions of duties for a variety of products.

Chapter 1—Reference

Reference (Section 2001)

This section provides that, except as otherwise expressly provided, whenever in this subtitle an amendment or repeal is expressed in terms of an amendment to, or repeal of, a chapter, subchapter, note, additional U.S. note, heading, subheading, or other provision, the reference shall be considered to be made to the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007).

Chapter 2—Duty Suspensions and Reductions

Diiodomethyl-*p*-tolylsulfone (Section 2101)

Present law

Diiodomethyl-*p*-tolylsulfone (DMTS) is a fungicide/mideweide used in chaulks, adhesives, plastics and other purposes and is classifiable under HTS subheading 2930.90.10 and subject to an NTR duty rate of 9.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for DMTS as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Racemic dl-menthol (Section 2102)

Present law

Racemic dl-menthol is a chemical used as a fragrance or flavor to produce pharmaceuticals, confections, and cigarettes. This product is classifiable under HTS subheading 2906.11.00 and subject to an NTR duty rate of 2.1% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Racemic dl-menthol as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

2,4-Dichloro-5-hydrazino-phenol-monohydrochloride (Section 2103)

Present law

2,4-Dichloro-5-hydrazino-phenol-monohydrochloride is used in the manufacture of Azafenidin, an active ingredient in DuPont's "Milestone" herbicide 113. This product is classifiable under HTS subheading 2928.00.25 and subject to an NTR duty rate of 6.5 % ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2,4-Dichloro-5-hydrazino-phenol-monohydrochloride as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

TAB (Section 2104)

Present law

Phosphinic acid, [3-(acetyloxy)-3-cyanopropyl]methyl-, butyl ester (ACM) is utilized in the manufacture of glufosinate ammonium, a non-selective herbicide. This product is classifiable under HTS subheading 2931.00.90 and subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Phosphinic acid, [3-(acetyloxy)-3-cyanopropyl]methyl-, butyl ester as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Certain snowboard boots (Section 2105)

Present law (as of 1/01/98)

Snowboard boots with uppers of textile material are classifiable under HTS subheading 6404.11.90 and subject to an NTR duty rate of 20% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for snowboard boots with uppers of textile material as temporarily duty free until December 31, 2001.

Reason for change

This temporary duty suspension would make the tariff rate for this product conform with the rate for similar boots with uppers of leather or plastics. There is no domestic production of this product.

Ethofumesate, singularly or in mixture with application adjuvants
(Section 2106)

Present law

2-Ethoxy-2,3-dihydro-3,3-dimethyl-5-benzofuranylmethanesulfonate (ethofumesate) singularly or in mixtures with application adjuvants is a chemical used in the production of certain herbicides and is subject to an NTR duty rate of 6.5% ad valorem (if classifiable under HTS 2932.99.08) and 6.5% ad valorem (if classifiable under HTS 3808.30.15).

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Ethoxy-2,3-dihydro-3,3-dimethyl-5-benzofuranylmethanesulfonate (ethofumesate) singularly or in mixtures as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

3-Methoxycarbonylamino-phenyl 3'-methylcarbanilate
(phenmedipham) (Section 2107)

Present law

3-Methoxycarbonylamino-phenyl 3'-methylcarbanilate (phenmedipham) is a chemical used in the production of certain herbicides and is subject to an NTR duty rate of 9.7% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 3-Methoxycarbonylamino-phenyl 3'-methylcarbanilate (phenmedipham) as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

3-Ethoxycarbonyl-aminophenyl-N-phenylcarbamate (desmedipham) (Section 2108)

Present law

3-Ethoxycarbonyl-aminophenyl-N-phenylcarbamate (desmedipham) is subject to an NTR duty rate of 6.5% ad valorem. This chemical is used in the production of certain herbicides.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 3-Ethoxycarbonyl-aminophenyl-N-phenylcarbamate (desmedipham) as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Amino-4-(4-aminobenzoylamino)-benzenesulfonic acid, sodium salt (Section 2109)

Present law

2-Amino-4-(4-aminobenzoylamino)-benzenesulfonic acid, sodium salt is an intermediate chemical used in the production of certain synthetic dyes and is classifiable under HTS subheading 2930.90.29 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Amino-4-(4-aminobenzoylamino)-benzenesulfonic acid, sodium salt as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

5-Amino-N-(2-hydroxyethyl)-2,3-xylenesulfonamide (Section 2110)

Present law

5-Amino-N-(2-hydroxyethyl)-2,3-xylenesulfonamide is an intermediate chemical used in the production of certain synthetic dyes and is classifiable under HTS 2935.00.95 and subject to an NTR duty rate of 1.8¢/kg+12.2% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 5-Amino-N-(2-hydroxyethyl)-2,3-xylenesulfonamide as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

3-Amino-2'-(sulfatoethylsulfonyl) ethyl benzamide (Section 2111)

Present law

3-Amino-2'-(sulfatoethylsulfonyl) ethyl benzamide is an intermediate chemical used in the production of certain synthetic dyes and is under HTS 2930.90.29 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 3-Amino-2'-(sulfatoethylsulfonyl) ethyl benzamide as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-Chloro-3-nitrobenzenesulfonic acid, monopotassium salt (Section 2112)

Present law 4-Chloro-3-nitrobenzenesulfonic acid, monopotassium salt is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS 2904.90.47 and subject to an NTR duty rate of 1.8¢/kg+10.7% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Chloro-3-nitrobenzenesulfonic acid, monopotassium salt as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Amino-5-nitrothiazole (Section 2113)

Present law

2-Amino-5-nitrothiazole is classifiable under HTS 2934.10.90 and subject to an NTR duty rate of 6.5% ad valorem. This product is an intermediate chemical used mainly in the production of certain synthetic dyes.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Amino-5-nitrothiazole as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-Chloro-3-nitrobenzenesulfonic acid (Section 2114)

Present law

4-Chloro-3-nitrobenzenesulfonic acid is classifiable under HTS 2904.90.47 and subject to an NTR duty rate of 1.8¢/kg+10.7% ad valorem. This product is an intermediate chemical used mainly in the production of certain synthetic dyes.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Chloro-3-nitrobenzenesulfonic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

6-Amino-1,3-naphthalenedisulfonic acid (Section 2115)

Present law

6-Amino-1,3-naphthalenedisulfonic acid is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS 2921.45.90 and subject to an NTR duty rate of 1.2¢/kg+12.6% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 6-Amino-1,3-naphthalenedisulfonic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-Chloro-3-nitrobenzenesulfonic acid, monosodium salt (Section 2116)

Present law

4-Chloro-3-nitrobenzenesulfonic acid, monosodium salt is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS 2904.90.40 and subject to an NTR duty rate of 9.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Chloro-3-nitrobenzenesulfonic acid, monosodium salt as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Methyl-5-nitrobenzenesulfonic acid (Section 2117)

Present law

2-Methyl-5-nitrobenzenesulfonic acid is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2904.90.20 and subject to an NTR duty rate of 8.2% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Methyl-5-nitrobenzenesulfonic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

6-Amino-1,3-naphthalenedisulfonic acid, disodium salt (Section 2118)

Present law

6-Amino-1,3-naphthalenedisulfonic acid, disodium salt is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2921.45.90 and subject to an NTR duty rate of 1.2¢/kg + 12.6% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 6-Amino-1,3-naphthalenedisulfonic acid, disodium salt as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Amino-p-cresol (Section 2119)

Present law

2-Amino-p-cresol is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2922.29.10 and subject to an NTR duty rate of 5.8% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Amino-p-cresol as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

6-Bromo-2,4-dinitroaniline (Section 2120)

Present law

6-Bromo-2,4-dinitroaniline is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2921.42.90 and subject to an NTR duty rate of 1.2¢/kg + 12.6% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 6-Bromo-2,4-dinitroaniline as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

7-Acetylamino-4-hydroxy-2-naphthalenesulfonic acid, monosodium salt (Section 2121)

Present law

7-Acetylamino-4-hydroxy-2-naphthalenesulfonic acid, monosodium salt is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2924.29.70 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 7-Acetylamino-4-hydroxy-2-naphthalenesulfonic acid, monosodium salt as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Tannic acid (Section 2122)

Present law

Tannic acid is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 3201.90.10 and subject to an NTR duty rate of 1.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for tannic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Amino-5-nitrobenzenesulfonic acid, monosodium salt (Section 2123)

Present law

2-Amino-5-nitrobenzenesulfonic acid, monosodium salt is an intermediate chemical used mainly in the production of certain syn-

thetic dyes and is classifiable under 2921.42.90 and subject to an NTR duty rate of 1.2¢/kg+12.6% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Amino-5-nitrobenzenesulfonic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Amino-5-nitrobenzenesulfonic acid, monoammonium salt (Section 2124)

Present law

2-Amino-5-nitrobenzenesulfonic acid, monoammonium salt is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2921.42.90 and subject to an NTR duty rate of 1.2¢/kg+12.6% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Amino-5-nitrobenzenesulfonic acid, monoammonium salt as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Amino-5-nitrobenzenesulfonic acid (Section 2125)

Present law

2-Amino-5-nitrobenzenesulfonic acid is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2921.42.90 and subject to an NTR duty rate of 1.2¢/kg+12.6% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Amino-5-nitrobenzenesulfonic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

3-(4,5-Dihydro-3-methyl-5-oxo-1H-pyrazol-1-yl)benzenesulfonic acid
(Section 2126)

Present law

3-(4,5-Dihydro-3-methyl-5-oxo-1H-pyrazol-1-yl)benzenesulfonic acid is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2933.19.43 and subject to an NTR duty rate of 1.8¢/kg+11.4% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 3-(4,5-Dihydro-3-methyl-5-oxo-1H-pyrazol-1-yl)benzenesulfonic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-Benzoylamino-5-hydroxy-2,7-naphthalenedisulfonic acid (Section 2127)

Present law

4-Benzoylamino-5-hydroxy-2,7-naphthalenedisulfonic acid is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2924.29.75 and subject to an NTR duty rate of 1.8¢/kg+12.3% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Benzoylamino-5-hydroxy-2,7-naphthalenedisulfonic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-Benzoylamino-5-hydroxy-2,7-naphthalenedisulfonic acid,
monosodium salt (Section 2128)

Present law

4-Benzoylamino-5-hydroxy-2,7-naphthalenedisulfonic acid, monosodium salt is an intermediate chemical used mainly in the production of certain synthetic dyes and is classifiable under HTS subheading 2924.29.70 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Benzoylamino-5-hydroxy-2,7-naphthalenedisulfonic acid, monosodium salt as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 151 (Section 2129)

Present law

Pigment Yellow 151 is an organic pigment primarily used in the automotive coating industry. It is an environmentally benign substitute for comparable inorganic pigments using heavy metal chemicals such as cadmium, chrome, lead, and molybdenum, which are considered toxic, and is classifiable under HTS subheading 3204.17.90 and subject to an NTR duty rate of 13.2% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 151 as temporarily lowering the duty to 6.4% until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 181 (Section 2130)

Present law

Pigment Yellow 181 is an organic pigment primarily used in the coloration of plastic processed over 200 degrees Centigrade and is classifiable under HTS subheading 3204.17.60 and subject to an NTR duty rate of 10.8% ad valorem. It is an environmentally benign substitute for comparable inorganic pigments using heavy metal chemicals such as cadmium, chrome, lead, and molybdenum, which are considered toxic.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 181 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 154 (Section 2131)

Present law

Pigment Yellow 154 is an organic pigment primarily used in the automotive coating industry. It is an environmentally benign substitute for comparable inorganic pigments using heavy metal chemicals such as cadmium, chrome, lead, and molybdenum, which are considered toxic, and is classifiable under HTS subheading 3204.17.60 and subject to an NTR duty rate of 10.8% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 154 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 175 (Section 2132)

Present law

Pigment Yellow 175 is an organic pigment primarily used in the automotive coating industry. It is an environmentally benign substitute for comparable inorganic pigments using heavy metal chemicals such as cadmium, chrome, lead, and molybdenum, which are considered toxic and is classifiable under HTS subheading 3204.17.60 and subject to an NTR duty rate of 10.8% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 175 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 180 (Section 2133)

Present law

Pigment Yellow 180 is a yellow pigment approved by FDA for indirect food contact and is classifiable under HTS subheading 3204.17.60 and subject to an NTR duty rate of 10.8% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 180 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pigment Yellow 191 (Section 2134)

Present law

Pigment Yellow 191 is a yellow pigment approved by FDA for indirect food contact and is classifiable under HTS subheading 3204.17.60 and subject to an NTR duty rate of 10.8% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 191 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pigment Red 187 (Section 2135)

Present law

Pigment Red 187 is a red pigment approved by FDA for indirect food contact and is classifiable under HTS subheading 3204.17.60 and subject to an NTR duty rate of 10.8% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Red 187 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pigment Red 247 (Section 2136)

Present law

Pigment Red 247 is classifiable under HTS subheading 3204.17.60 and subject to an NTR duty rate of 10.8% ad valorem. This pigment is used in the coloration of plastics that are processed at temperatures exceeding 200° C.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Red 247 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pigment Orange 72 (Section 2137)

Present law

Pigment Orange 72 is used in the coloration of plastics that are processed at temperatures exceeding 200° C. and is classifiable under HTS subheading 3204.17.60 and subject to an NTR duty rate of 10.8% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Orange 72 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumer

Pigment Yellow 16 (Section 2138)

Present law

Pigment Yellow 16 is used in industrial and agricultural coating and is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 16 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pigment Red 185 (Section 2139)

Present law

Pigment Red 185 is pigment is primarily used in the coloration of plastics that are processed at temperatures exceeding 200° C and is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Red 185 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pigment Red 208 (Section 2140)

Present law

Pigment Red 208 is primarily used in the coloration of plastics that are processed at temperatures exceeding 200° C and is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Red 208 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pigment Red 188 (Section 2141)

Present law

Pigment Red 188 is a synthetic organic pigment primarily used in agricultural and industrial coating applications and is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Red 188 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

2,6-Dimethyl-m-dioxan-4-ol acetate (Section 2142)

Present law

2,6-Dimethyl-m-dioxan-4-ol acetate (“DXN”) is a preservative used primarily in the manufacture and/or processing of industrial

water-based products to inhibit microbial growth in textile manufacturing and for the preservation of cement admixtures and is classifiable under HTS subheading 2932.99.90 and subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2,6-Dimethyl-m-dioxan-4-ol acetate as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

β -Bromo- β -nitrostyrene (Section 2143)

Present law

β -Bromo- β -nitrostyrene (“BNS”) is a preservative that controls the growth of bacteria and fungi in the production of high quality paper and is classifiable under HTS subheading 2904.90.47 and subject to an NTR duty rate of 1.8¢/kg+10.7% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for β -Bromo- β -nitrostyrene as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Textile machinery (Section 2144)

Present law

Ink jet textile printing machinery is classifiable under HTS subheading 8443.51.10 and subject to an NTR duty rate of 2.6% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for ink jet textile printing machinery as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Deltamethrin (Section 2145)

Present law

(S)- α -cyano-3-phenoxybenzyl (1R, 3R)-3-(2,2-dibromovinyl)-2,2-dimethylcyclopropanecarboxylate (deltamethrin) in bulk or in forms or packings for retail sale is classifiable and subject to an NTR duty rate of 9.5% ad valorem (for HTS subheading 2926.90.30) or 6.5% ad valorem (for HTS subheading 3808.10.25). Deltamethrin is a synthetic organic chemical used as the active ingredient in certain insecticides

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for deltamethrin as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Diclofop-methyl (Section 2146)

Present law

Diclofop-methyl is classifiable and subject to an NTR duty rate of 10% ad valorem (for HTS subheading 2918.90.20) or 6.5% ad valorem (for HTS subheading 3808.30.15). The product is used as a post emergence herbicide.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by striking heading 9902.30.16 and inserting a new subheading for Diclofop-methyl as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Resmethrin (Section 2147)

Present law

([5-(phenylmethyl)-3-furanyl]methyl 2,2-dimethyl-3-(2-methyl-1-propenyl) cyclopropanecarboxylate (resmethrin) is classifiable under HTS subheading 2932.19.10 and subject to an NTR duty rate of 6.5% ad valorem. Resmethrin is the active ingredient in certain insecticides.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for resmethrin as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

N-phenyl-N'-1,2,3-thiadiazol-5-ylurea (Section 2148)

Present law

N-phenyl-N'-1,2,3-thiadiazol-5-ylurea (thidiazuron) is a plant growth regulator used for the defoliation of cotton and is classifiable and subject to an NTR duty rate of 10% ad valorem (for HTS subheading 2934.90.15) or 6.5% ad valorem (for HTS subheading 3808.30.15).

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by striking heading 9902.30.17 and inserting a new subheading for N-phenyl-N'-1,2,3-thiadiazol-5-ylurea (thidiazuron) as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

(1R,3S)3[(1'RS)(1',2',2',2',-Tetrabromoethyl)]-2,2-dimethylcyclopropanecarboxylic acid (S)- α -cyano-3-phenoxybenzyl ester (Section 2149)

Present law

(1R,3S)3[(1'RS)(1',2',2',2',-Tetrabromoethyl)]-2,2-dimethylcyclopropanecarboxylic acid (S)- α -cyano-3-phenoxybenzyl ester in bulk or in forms or packages for retail sale (tralomethrin) is the active ingredient in certain insecticides and is classifiable and subject to an NTR duty rate of 9.5% ad valorem (for HTS subheading 2926.90.30) or 6.5% ad valorem (for HTS subheading 3808.10.25).

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for tralomethrin as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 109 (Section 2150)

Present law

Pigment Yellow 109 is used in the production of plastics, specialty printing inks, and coatings (e.g. automotive refinishing) and is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 109 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 110 (Section 2151)

Present law

Pigment Yellow 110 is used in the production of plastic, specialty printing inks, and coatings (i.e. automotive refinishing) and is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 110 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Red 177 (Section 2152)

Present law

Pigment Red 177 is used in the production of plastic, specialty printing inks, and coatings (i.e. automotive refinishing) and is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Red 177 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more effi-

ciently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Textile printing machinery (Section 2153)

Present law

The textile printing machinery covered under this provision is classifiable under HTS subheading 8443.59.10 and subject to an NTR duty rate of 2.6% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for certain textile machinery as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Substrates of synthetic quartz or synesthetic fused silica (Section 2154)

Present law

Substrates of synthetic quartz or synesthetic fused silica is classifiable under HTS subheading 7006.00.40 and subject to an NTR duty rate of 4.9% ad valorem. This is a high-purity glass which is transformed into photomask blanks which are ultimately used to project circuit patterns to manufacture semiconductors.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for substrates of synthetic quartz or synesthetic fused silica as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Methyl-4,6-bis[(octylthio)methyl]phenol (Section 2155)

Present law

2-Methyl-4,6-bis[(octylthio)methyl]phenol is a synthetic organic chemical used mainly as an antioxidant and processing stabilizer in the manufacture of rubber and elastomeric products, and is classifiable under HTS subheading 2930.90.29 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Methyl-4,6-

bis[*octylthio*methyl]phenol as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Methyl-4,6 bis[*octylthio*methyl]phenol; epoxidized triglyceride
(Section 2156)

Present law

2-Methyl-4,6 bis[*octylthio*methyl]phenol; epoxidized triglyceride is a synthetic organic chemical used mainly as an antioxidant and processing stabilizer in the manufacture of rubber and elastomeric products and is classifiable under HTS subheading 3812.30.60 and subject to an NTR duty rate of 1.8¢/kg+10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Methyl-4,6 bis[*octylthio*methyl]phenol; epoxidized triglyceride as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-[[4,6-Bis(*octylthio*)-1,3,5-triazin-2-yl]amino]-2,6-bis(1,1-dimethylethyl)phenol (Section 2157)

Present law

4-[[4,6-Bis(*octylthio*)-1,3,5-triazin-2-yl]amino]-2,6-bis(1,1-dimethylethyl)phenol is a synthetic organic chemical used mainly as an antioxidant and processing stabilizer in the manufacture of rubber, adhesives and elastomeric products and is classifiable under HTS subheading 2933.69.60 and subject to an NTR duty rate of 3.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-[[4,6-Bis(*octylthio*)-1,3,5-triazin-2-yl]amino]-2,6-bis(1,1-dimethylethyl)phenol as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

(2-Benzothiazolythio)butanedioic acid (Section 2158)

Present law

(2-Benzothiazolythio)butane-dioic acid is a synthetic organic chemical used as a corrosion inhibitor in the manufacture of heavy duty maintenance coatings, aircraft coatings, and dry fall coatings and is classifiable under HTS subheading 2934.20.40 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for (2-Benzothiazolythio)butanedioic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Calcium bis[monoethyl (3,5-di-tert-butyl-4-hydroxybenzyl) phosphonate] (Section 2159)

Present law

Calcium bis[monoethyl (3,5-di-tert-butyl-4-hydroxybenzyl) phosphonate] is a synthetic organic chemical used as an antioxidant and catalyst and is classifiable under HTS subheading 2931.00.30 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for calcium bis[monoethyl (3,5-di-tert-butyl-4-hydroxybenzyl) phosphonate] as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-Methyl- γ -OXO-BENZENBUTANOIC ACID COMPD. WITH 4-ETHYLMORPHOLINE (2:1) (SECTION 2160)*Present law*

4-Methyl- γ -oxo-benzenbutanoic acid compd. with 4-ethylmorpholine (2:1) is classifiable under HTS 3824.90.28 and subject to an NTR duty rate of 1.8¢/kg+10% ad valorem. This is a synthetic organic compound used as a corrosion inhibitor in the manufacture of direct to metal mono-coats (i.e., rail cars and maintenance coatings).

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Methyl- γ -oxo-benzenbutanoic acid compd. with 4-ethylmorpholine (2:1) as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Weaving machines (Section 2161)

Present law

Certain weaving machines (looms), shuttleless type, for weaving fabrics of a width exceeding 30cm, but not exceeding 4.9 meters and are classifiable under HTS 8446.30.50 and subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for certain weaving machines covered under this provision to reduce the tariff rate to 3.3% until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Certain weaving machines (Section 2162)

Present law

Power weaving machines (looms), shuttle type, for weaving fabrics of a width exceeding 30 cm, but not exceeding 4.9 meters are classifiable under HTS 8446.21.50 and subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for certain power weaving machines (looms) as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

DEMT (Section 2163)

Present law

DEMT (N,N-diethyl-m-toluidine) is classifiable under HTS subheading 2921.43.80 and subject to an NTR duty rate of 1.2¢/kg+12.6% ad valorem. DEMT is an intermediate chemical used in the production of certain color couplers for photographic film.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by striking heading 9902.32.12 and inserting a new subheading for DEMT as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Benzenepropanal, 4-(1,1-dimethylethyl)-alpha-methyl- (Section 2164)

Present law

Benzenepropanal, 4-(1,1-dimethylethyl)-alpha-methyl- is classifiable under HTS subheading 2912.29.60 and subject to an NTR duty rate of 8.4% ad valorem. This product is an aroma chemical used principally as a raw material in the manufacture of fragrances for fabric softeners and detergents.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Benzenepropanal, 4-(1,1-dimethylethyl)-alpha-methyl- to reduce to 6% until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2H-3,1-Benzoxazin-2-one, 6-chloro-4-(cyclopropylethynyl)-1,4-dihydro-4-(trifluoromethyl)- (Section 2165)

Present law

2H-3,1-Benzoxazin-2-one, 6-chloro-4-(cyclopropylethynyl)-1,4-dihydro-4-(trifluoromethyl)- is classifiable and subject to an NTR duty rate of 6.5% ad valorem under 2934.90.30. This chemical is the active pharmaceutical ingredient in an anti-viral (anti-HIV and anti-AIDS) drug.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2H-3,1-Benzoxazin-2-one, 6-

chloro-4-(cyclopropylethynyl)-1,4-dihydro-4- (trifluoromethyl)- as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Tebufenozide (Section 2166)

Present law

N-tert-butyl-N'-(4-ethylbenzoyl)-3,5-dimethylbenzoylhydrazide (tebufenozide) is classifiable under HTS subheading 2928.00.25 and subject to an NTR duty rate of 6.5% ad valorem. This product, which is also known as tebufenozide, is a narrow spectrum insecticide which targets lepidopterous insects—those whose larvae are caterpillars.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for N-tert-butyl-N'-(4-ethylbenzoyl)-3,5-dimethylbenzoylhydrazide (tebufenozide) as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Halofenozide (Section 2167)

Present law

Benzoic acid, 4-chloro-2-benzoyl-2-(1,1-dimethylethyl) hydrazide and is classifiable under HTS subheading 2928.00.25 and subject to an NTR duty rate of 6.5% ad valorem. This product, which is also known as Halofenozide, is a narrow spectrum insecticide which targets, and is toxic only to a specific type of insect found on green plant matter of turf grasses and ornamental plants.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for benzoic acid, 4-chloro-2-benzoyl-2-(1,1-dimethylethyl) hydrazide as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Certain organic pigments and dyes (Section 2168)

Present law

Certain organic luminescent pigments and dyes, for security applications, excluding daylight florescent pigments and dyes, are classifiable under HTS subheading 3204.90.00 and subject to an NTR duty rate of 5.9% ad valorem. These luminescent complex organic chemicals are often designed (on a proprietary basis) for a specific use in products that require security and anti-counterfeiting technology (e.g. stock certificates and credit cards).

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for organic luminescent pigments and dyes as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-Hexylresorcinol (Section 2169)

Present law

4-Hexylresorcinol is classifiable under HTS subheading 2907.29.90 and subject to an NTR duty rate of 5.5% ad valorem. This product is used in a variety of pharmaceutical and cosmetic applications including throat lozenges and topical antiseptics.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Hexylresorcinol as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Certain sensitizing dyes (Section 2170)

Present law

Polymethine photo-sensitizing dyes is classifiable under certain HTS subheadings. These dyes improve the spectral response photo-sensitive emulsion used on film.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Polymethine photo-sensitizing dyes as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Skating boots for use in manufacture of in-line roller skates
(Section 2171)

Present law

Skating boots for use in manufacture of in-line roller skates are classifiable under HTS subheading 6402.19.90, 6403.19.40, 6403.19.70 and 6404.11.90 and subject to an NTR duty rate ranging from Free to 20% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for such skating boots as temporarily duty free until December 31, 2001.

Reason for change

Skating boots used for in-line skates are subject to duties ranging from Free to 20%. However, imports of completely-assembled in-line skates containing such boots enter free of duty, resulting in a tariff inversion which gives importers of in-line skates a competitive edge over U.S. producers of in-line skates. This provision would correct that tariff inversion and encourage U.S. production of in-line skates. There is negligible domestic production of this product.

Dibutyl-naphthalenesulfonic acid, sodium salt (Section 2172)

Present law

A surface active preparation containing 30% or more by weight of dibutyl-naphthalenesulfonic acid, sodium salt is used to manufacture end-use herbicides and is classifiable under HTS subheading 3402.90.30 and subject to an NTR duty rate of 4% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for surface active preparation containing 30% or more by weight of dibutyl-naphthalenesulfonic acid, sodium salt as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

O-(6-Chloro-3-phenyl-4-pyridazinyl)-S-octyl-carbonothioate (Section 2173)

Present law

O-(6-Chloro-3-phenyl-4-pyridazinyl)-S-octyl-carbonothioate is classifiable under HTS subheading 3808.30.15 and subject to an NTR duty rate of 6.5% ad valorem. This product is a synthetic organic chemical used as an active ingredient in the manufacture of an herbicide for corn to control kochia and Russian thistle.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for O-(6-Chloro-3-phenyl-4-pyridazinyl)-S-octyl-carbonothioate as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

4-Cyclopropyl-6-methyl-2-phenylaminopyrimidine (Section 2174)

Present law

4-Cyclopropyl-6-methyl-2-phenylaminopyrimidine is classifiable under HTS subheading 2933.59.15 and subject to an NTR duty rate of 9.5% ad valorem. This product is a synthetic organic chemical used as an active ingredient in the manufacture of fungicide formulations to control insects and mites in fruits, nuts, and cotton.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Cyclopropyl-6-methyl-2-phenylaminopyrimidine as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

O,O-Dimethyl-S-[5-methoxy-2-oxo-1,3,4-thiadiazol-3(2H)-yl-methyl]-dithiophosphate (Section 2175)

Present law

O,O-Dimethyl-S-[5-methoxy-2-oxo-1,3,4-thiadiazol-3(2H)-yl-methyl]-dithiophosphate is classifiable under HTS subheading 2934.90.90 and subject to an NTR duty rate of 6.5% ad valorem. This product is a synthetic organic chemical used as an active ingredient in the manufacture of fungicide formulations to control insects and mites in fruits, nuts, and cotton.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for O,O-Dimethyl-S-[5-methoxy-2-oxo-1, 3, 4-thiadiazol-3(2H)-yl-methyl]-dithiophosphate as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Ethyl [2-(4-phenoxyphenoxy) ethyl] carbamate (Section 2176)

Present law

Ethyl [2-(4-phenoxyphenoxy) ethyl] carbamate is classifiable under HTS subheading 2924.10.80 and subject to an NTR duty rate of 6.5% ad valorem. This product is a synthetic organic chemical used to manufacture insect growth regulators.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Ethyl [2-(4-phenoxyphenoxy) ethyl] carbamate as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

[(2S,4R)/(2R,4S)]/[(2R,4R)/(2S,4S)]-1-[2-[4-(4-Chloro-phenoxy)-2-chlorophenyl]-4-methyl-1,3-dioxolan-2-yl-methyl]-1H-1,2,4-triazole (Section 2177)

Present law

[(2S,4R)/(2R,4S)]/[(2R,4R)/(2S,4S)]-1-[2-[4-(4-Chloro-phenoxy)-2-chlorophenyl]-4-methyl-1,3-dioxolan-2-yl-methyl]-1H-1,2,4-triazole is classifiable under HTS subheading 2934.90.12 and subject to an NTR duty rate of 8.8% ad valorem. The chemical is an active ingredient used to formulate fungicide for use in seed treatments for cereals.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for [(2S,4R)/(2R,4S)]/[(2R,4R)/(2S,4S)]-1-[2-[4-(4-Chloro-phenoxy)-2-chlorophenyl]-4-methyl-1,3-dioxolan-2-yl-methyl]-1H-1,2,4-triazole as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more effi-

ciently, and pass savings on to the downstream users and consumers.

2,4-Dichloro-3,5-dinitrobenzotrifluoride (Section 2178)

Present law

2,4-Dichloro-3,5-dinitrobenzotrifluoride is classifiable under HTS subheading 2910.90.20 and subject to an NTR duty rate of 5.5% ad valorem. This product is a synthetic organic chemical used as an intermediate in the production of a herbicide active ingredient used to control weeds and turf grass.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2,4-Dichloro-3,5-dinitrobenzotrifluoride as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-Chloro-N-[2,6-dinitro-4-(trifluoromethyl) phenyl]-N-ethyl-6-fluorobenzenemethanamine (Section 2179)

Present law

2-Chloro-N-[2,6-dinitro-4-(trifluoromethyl) phenyl]-N-ethyl-6-fluorobenzenemethanamine is classifiable under HTS subheading 2921.49.45 and subject to an NTR duty rate of 10% ad valorem. This chemical is an active ingredient used to formulate a growth regulator to control suckers (undesirable side-shoots) in tobacco plants.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Chloro-N-[2,6-dinitro-4-(trifluoromethyl) phenyl]-N-ethyl-6-fluorobenzenemethanamine as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Chloroacetone (Section 2180)

Present law

Chloroacetone is classifiable under HTS subheading 2914.19.00 and subject to an NTR duty rate of 4.0% ad valorem. Chloroacetone is a raw material used in the production of a chemical intermediate for production of an herbicide (weed-killer) used for various crops.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for chloroacetone as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Acetic acid, [(5-chloro-8-quinolynyl)oxy]-, 1-methylhexyl ester
(Section 2181)

Present law

Acetic acid, [(5-chloro-8-quinolynyl)oxy]-, 1-methylhexyl ester is classifiable under HTS subheading 2933.40.30 and subject to an NTR duty rate of 8.8% ad valorem. The chemical is an intermediate used as a safener in the manufacture of an herbicide to control wild oats, foxtail and pigeon grass in wheat.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Acetic acid, [(5-chloro-8-quinolynyl)oxy]-, 1-methylhexyl ester as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]phenoxy]-, 2-propynyl ester (Section 2182)

Present law

Propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]phenoxy]-, 2-propynyl ester and is classifiable under HTS subheading 2933.39.25 and subject to an NTR duty rate of 10% ad valorem. This chemical is an active ingredient in the manufacture of herbicides to control wild oats, foxtail, and pigeon grass in wheat.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]phenoxy]-, 2-propynyl ester as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Mucochloric acid (Section 2183)

Present law

Mucochloric acid is classifiable under HTS subheading 2918.30.90 and subject to an NTR duty rate of 3.7% ad valorem. The chemical is a raw material used in the production of an active ingredient produced in the U.S. to make a herbicide for control of a unique spectrum of broadleaf weeds and grasses in cotton, alfalfa, citrus, trees, nuts, and vines.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Certain rocket engines (Section 2184)

Present law

Dual thrust chamber rocket engines each having maximum static sea level thrust exceeding 800,000 lbs. and nozzle exit diameters exceeding 50 inches are classifiable under HTS subheading 8412.10.00 and subject to an NTR duty rate of 1% ad valorem. These rocket engines are liquid fuel engines designed to propel specific launch vehicles into space.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for dual thrust chamber rocket engines each having maximum static sea level thrust exceeding 800,000 lbs. and nozzle exit diameters exceeding 50 inches as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pigment Red 144 (Section 2185)

Present law

Pigment Red 144 is a synthetic organic chemical used as a high performance pigment in ink, paint, plastic, and fiber applications and is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Red 144 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Orange 64 (Section 2186)

Present law

Pigment Orange 64 is a synthetic organic chemical used as a high performance pigment in ink, plastic, fiber and coating industry, and is classifiable and subject to an NTR duty rate of 10.8% ad valorem under 3204.17.60.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Orange 64 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 95 (Section 2187)

Present law

Pigment Yellow 95 is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem. This product is a synthetic organic chemical used as a high performance pigment; it has FDA approval for food-contact packaging applications.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 95 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Pigment Yellow 93 (Section 2188)

Present law

Pigment Yellow 93 is classifiable under HTS subheading 3204.17.04 and subject to an NTR duty rate of 6.5% ad valorem. This product is a synthetic organic chemical used as a high performance pigment with applications in ink, coating, plastics, and fiber industries.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for Pigment Yellow 93 as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

(S)-N-[[5-[2-(2-Amino-4, 6, 7, 8-tetrahydro-4-oxo-1H-pyrimido[5, 4-b][1,4]thiazin-6-yl)ethyl-2-thienyl]carbonyl]-L-glutamic acid diethyl ester (Section 2189)

Present law

(S)-N-[[5-[2-(2-Amino-4,6,7,8-tetrahydro-4-oxo-1H-pyrimido[5,4-b][1,4]thiazin-6-yl)ethyl-2-thienyl]carbonyl]-L-glutamic acid diethyl ester is classifiable under HTS subheading 2934.90.90 and subject to an NTR duty rate of 6.5% ad valorem. This chemical is an intermediate that will be used in the production of certain anti-cancer drugs.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for (S)-N-[[5-[2-(2-Amino-4,6,7,8-tetrahydro-4-oxo-1H-pyrimido[5,4-b][1,4]thiazin-6-yl)ethyl-2-thienyl]carbonyl]-L-glutamic acid diethyl ester as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, while furthering important medical research. There is no appreciable domestic production of this product.

4-Chloropyridine hydrochloride (Section 2190)

Present law

4-Chloropyridine hydrochloride is classifiable under HTS subheading 2933.39.61 and subject to an NTR duty rate of 10% ad valorem. The chemical is one of several synthetic organic chemical intermediates that are important in the production of a matrix metalloproteinase inhibitors that are in phase I clinical trials directed towards advanced cancer.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Chloropyridine hydrochloride as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, while furthering important medical research. There is no appreciable domestic production of this product.

4-Phenoxy pyridine (Section 2191)

Present law

4-Phenoxy pyridine is classifiable under HTS subheading 2933.39.61 and subject to an NTR duty rate of 10% ad valorem. The chemical is one of several synthetic organic chemical intermediates that are important in the production of a matrix metalloproteinase inhibitors that are in phase I clinical trials directed towards advanced cancer.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 4-Phenoxy pyridine as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, while furthering important medical research. There is no appreciable domestic production of this product.

(3S)-2,2-Dimethyl-3-thiomorpholine carboxylic acid (Section 2192)

Present law

(3S)-2,2-Dimethyl-3-thiomorpholine carboxylic acid is classifiable under HTS subheading 2934.90.90 and subject to an NTR duty rate of 6.5% ad valorem. The chemical is one of several synthetic organic chemical intermediates that are important in the production of a matrix metalloproteinase inhibitors that is in phase I clinical trials directed towards advanced cancer.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for (3S)-2,2-Dimethyl-3-thiomorpholine carboxylic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, while furthering important medical research. There is no appreciable domestic production of this product.

2-Amino-5-bromo-6-methyl-4(1H)-quinazolinone (Section 2193)

Present law

2-Amino-5-bromo-6-methyl-4(1H)-quinazolinone is classifiable under HTS subheading 2933.59.70 and subject to an NTR duty rate of 10% ad valorem. This product is a synthetic organic chemical intermediate that is instrumental in producing THYMITAQ, a thymidylate synthase inhibitor which is currently in phase II clinical trials directed towards neck cancer and hepatoma.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Amino-5-bromo-6-methyl-4(1H)-quinazolinone as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, while furthering important medical research. There is no appreciable domestic production of this product.

2-Amino-6-methyl-5-(4-pyridinylthio)-4(1H)-quinazolinone (Section 2194)

Present law

2-Amino-6-methyl-5-(4-pyridinylthio)-4(1H)-quinazolinone is classifiable under HTS subheading 2933.59.70 and subject to an NTR duty rate of 10% ad valorem. This is a synthetic organic chemical intermediate that is instrumental in producing THYMITAQ, a thymidylate synthase inhibitor which is currently in phase II clinical trials directed towards neck cancer and hepatoma.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 2-Amino-6-methyl-5-(4-pyridinylthio)-4(1H)-quinazolinone as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, while furthering important medical research. There is no appreciable domestic production of this product.

(S)-N-[[5-[2-(2-Amino-4,6,7,8-tetrahydro-4-oxo-1H-pyrimido[5,4b][1,4]thiazin-6-yl)ethyl]-2-thienyl]carbonyl]-L-glutamic acid (Section 2195)

Present law

(S)-N-[[5-[2-(2-Amino-4,6,7,8-tetrahydro-4-oxo-1H-pyrimido[5,4b][1,4]thiazin-6-yl)ethyl]-2-thienyl]carbonyl]-L-glutamic acid (CAS No. 177575-17-6) is classifiable under HTS subheading 2934.90.90 and subject to an NTR duty rate of 6.5% ad valorem. This product

is a synthetic organic chemical that will be incorporated in an anti-cancer drug.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for (S)-N-[[5-[2-(2-Amino-4,6,7,8-tetrahydro-4-oxo-1H-pyrimido[5,4-b][1,4]thiazin-6-yl)ethyl]-2-thienyl]carbonyl]-L-glutamic acid (CAS No. 177575-17-6) as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, while furthering important medical research. There is no appreciable domestic production of this product.

2-Amino-6-methyl-5-(4-pyridinylthio)-4(1H)-quinazolinone
dihydrochloride (Section 2196)

Present law

2-Amino-6-methyl-5-(4-pyridinylthio)-4(1H)-quinazolinone dihydrochloride is classifiable under HTS subheading 2933.59.70 and subject to an NTR duty rate of 10% ad valorem. This product is a synthetic organic chemical that will be incorporated in an anti-cancer drug which is currently in phase II clinical trials.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for 2-Amino-6-methyl-5-(4-pyridinylthio)-4(1H)-quinazolinone dihydrochloride as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, while furthering important medical research. There is no appreciable domestic production of this product.

3-(Acetyloxy)-2-methylbenzoic acid (Section 2197)

Present law

3-(Acetyloxy)-2-methylbenzoic acid is classifiable under HTS subheading 2918.29.65 and subject to an NTR duty rate of 10% ad valorem. This product is a synthetic organic chemical instrumental in the development of a new and more efficient production route for a protease inhibitor used for the treatment of HIV/AIDS currently under investigation.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for 3-(Acetyloxy)-2-methylbenzoic acid as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would enable U.S. pharmaceutical companies to continue production of an anti-cancer drug, currently still in the trial stages, as cost-effectively as possible. There is no appreciable domestic production of this product.

[R-(R*,R*)]-1,2,3,4-Butanetetrol-1,4-dimethanesulfonate (Section 2198)

Present law

[R-(R*,R*)]-1,2,3,4-Butanetetrol-1,4-dimethanesulfonate (CAS No. 1947-62/-2) is classifiable under HTS subheading 2905.49.50 and subject to an NTR duty rate of 8.9% ad valorem. This product is a synthetic organic chemical used in the production of a protease inhibitor used to treat HIV/AIDS.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for [R-(R*,R*)]-1,2,3,4-Butanetetrol-1,4-dimethanesulfonate (CAS No. 1947-62-2) as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

9-[2-[[Bis [(pivaloyloxy) methoxy] phosphinyl]methoxy] ethyl]adenine (Section 2199)

Present law

9-[2-[[Bis [(pivaloyloxy) methoxy] phosphinyl]methoxy] ethyl]adenine is classifiable under HTS subheading 2933.59.95 and subject to an NTR duty rate of 6.5% ad valorem. This product is also known as Adefovir Dipivoxil, this synthetic organic chemical is undergoing clinical trials to receive FDA approval for use in treating HIV/AIDS and Hepatitis B.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for 9-[2-[[Bis [(pivaloyloxy) methoxy] phosphinyl]methoxy] ethyl]adenine as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

9-[2-(R)-[[Bis[(isopropoxy-carbonyl)oxymethoxy]phosphinoyl]methoxy]propyl]adenine fumarate (Section 2200)

Present law

9-[2-(R)-[[Bis[(isopropoxy-carbonyl)oxymethoxy]phosphinoyl]methoxy]propyl]-adenine fumarate is classifiable under HTS subheading 2933.59.95 and subject to an NTR duty rate of 6.5% ad valorem. This product is a synthetic organic chemical used as a drug called PMPA which is currently undergoing clinical trials for treating HIV/AIDS.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for 9-[2-(R)-[[Bis[(isopropoxy-carbonyl)oxymethoxy]phosphinoyl]methoxy]propyl]adenine fumarate as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

(R)-9-(2-Phosphonomethoxypropyl)adenine (Section 2201)

Present law

(R)-9-(2-Phosphonomethoxypropyl)adenine is classifiable under HTS subheading 2933.59.95 and subject to an NTR duty rate of 6.5% ad valorem. This product is a synthetic organic chemical used as a drug called PMPA which is currently undergoing clinical trials for treating HIV/AIDS.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for (R)-9-(2-Phosphonomethoxypropyl)adenine as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

(R)-1,3-Dioxolan-2-one, 4-methyl-(Section 2202)

Present law

(R)-1,3-Dioxolan-2-one, 4-methyl- is classifiable under HTS subheading 2920.90.50 and subject to an NTR duty rate of 3.7% ad valorem. This product is a synthetic organic chemical used as a drug called PMPA which is currently undergoing clinical trials for the treatment of HIV/AIDS.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for (R)-1,3-Dioxolan-2-one, 4-methyl- as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

9-(2-Hydroxyethyl)adenine (Section 2203)

Present law

9-(2-Hydroxyethyl)adenine is classifiable under HTS subheading 2933.59.95 and subject to an NTR duty rate of 6.5% ad valorem. This product is a synthetic organic chemical used in the production of Adefovir Dipivoxil, it is undergoing clinical trials to receive FDA approval for treating HIV/AIDS and Hepatitis B.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for 9-(2-Hydroxyethyl)adenine as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

(R)-9H-Purine-9-ethanol, 6-amino- α -methyl (Section 2204)*Present law*

(R)-9H-Purine-9-ethanol, 6-amino- α -methyl is classifiable under HTS subheading 2933.59.95 and subject to an NTR duty rate 6.5% ad valorem. This product is a synthetic organic chemical used as a drug called PMPA which is used for the treatment of HIV/AIDS.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for (R)-9H-Purine-9-ethanol, 6-amino- α -methyl as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

Chloromethyl-2-propyl carbonate (Section 2205)

Present law

Chloromethyl-2-propyl carbonate is classifiable under HTS subheading 2920.90.50 and subject to an NTR duty rate 3.7% ad valorem. A synthetic organic chemical used as a drug called PMPA which is currently undergoing clinical trials for the treatment of HIV/AIDS.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for Chloromethyl-2-propyl carbonate as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

(R)-1,2-Propanediol, 3-chloro-(Section 2206)

Present law

(R)-1,2-Propanediol, 3-chloro- is classifiable under HTS subheading 2905.50.60 and subject to an NTR duty rate 8.9% ad valorem. This is a synthetic organic chemical used in the production a drug used to treat CMV retinitis—a potentially blinding disease common in late-stage AIDS patients.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for (R)-1,2-Propanediol, 3-chloro- as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

Oxirane, (S)-((triphenylmethoxy)methyl)-(Section 2207)

Present law

Oxirane, (S)-((triphenylmethoxy)methyl)- is classifiable under HTS subheading 2910.90.20 and subject to an NTR duty rate 5.5% ad valorem. This is a synthetic organic chemical used in the production of a drug used to treat CMV retinitis—a potentially blinding disease common in late-stage AIDS patients.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for Oxirane, (S)-((triphenylmethoxy)methyl)- as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

Chloromethyl Pivalate (Section 2208)

Present law

Chloromethyl pivalate is classifiable under HTS subheading 2915.90.50 and subject to an NTR duty rate 3.8% ad valorem. It is a synthetic organic chemical used in the production of Adefovir Dipivoxil; it is undergoing clinical trials to receive FDA approval for treating HIV/AIDS and Hepatitis B.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for chloromethyl pivalate as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. This synthetic chemical is used in the production of a protease inhibitor used to treat HIV/AIDS.

Diethyl (((p-toluenesulfonyl)oxy)methyl)phosphonate (Section 2209)

Present law

Diethyl (((p-toluenesulfonyl)oxy)methyl)phosphonate is classifiable under HTS subheading 2931.00.30 and subject to an NTR duty rate 10% ad valorem. This is a synthetic organic chemical used in the production of Adefovir Dipivoxil; it is undergoing clinical trials to receive FDA approval for treating HIV/AIDS and Hepatitis B.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for Diethyl (((p-toluenesulfonyl)oxy)methyl)phosphonate as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would allow U.S. pharmaceutical companies to offer a highly specialized antiviral drug at a lower cost to the consumer. There is no appreciable domestic production of this product.

Beta Hydroxyalkylamide (Section 2210)

Present law

Beta Hydroxyalkylamide is classifiable under HTS subheading 3824.90.90 and subject to an NTR duty rate of 5% ad valorem.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for beta hydroxyalkylamide (CAS No. 6334-25-4) as duty free through December 31, 2001.

Reason for change

The provision would remove the duty on a chemical for which there is no known domestic production and would reduce costs for American companies.

Grilamid TR90 (Section 2211)

Present law

Grilamid TR90 is classifiable under HTS subheading 3908.90.70 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for Grilamid TR90 (CAS No. 163800-66-6) as duty free through December 31, 1999.

Reason for change

There is no known domestic production of this product.

IN-W4280 (Section 2212)

Present law

IN-W4280, (2,4-dichloro-5-hydroxy-phenylhydrazine) (CAS No. 39807-21-1) is classifiable under HTS subheading 2928.00.2500 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for IN-W4280, (2,4-dichloro-5-hydroxy-phenylhydrazine) (CAS No. 39807-21-1) as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would enable U.S. companies to continue cost-effectively producing herbicides in which this chemical is an ingredient. There is no known domestic production of this chemical.

KL540 (Section 2213)

Present law

Methyl-4-trifluoromethoxyphenyl-N-(chlorocarbonyl) carbamate, known as KL540 (CAS No. 173903-15-6) is classifiable under HTS subheading 2924.29.70 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for Methyl-4-

trifluoromethoxyphenyl-N-(chlorocarbonyl) carbamate, known as KL540 (CAS No. 173903-15-6) as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would enable U.S. companies to cost-effectively produce insecticides which incorporate this chemical.

Methyl thioglycolate (Section 2214)

Present law

Methyl thioglycolate (CAS No. 2365-48-2) is classifiable under HTS subheading 2930.90.90 and subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for methyl thioglycolate (CAS No. 2365-48-2) as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would enable U.S. companies to cost-effectively produce herbicides which incorporate this chemical.

DPX-E6758 (Section 2215)

Present law

DPX-E6758, phenyl (4,6-dimethoxypyrimidin-2-yl) carbamate (CAS No. 89392-03-0) is classifiable under subheading 2933.59.70 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for DPX-E6758, phenyl (4,6-dimethoxypyrimidin-2-yl) carbamate (CAS No. 89392-03-0) as duty free through December 31, 2001.

Reason for change

The temporary duty suspension would enable U.S. companies to cost-effectively produce herbicides which incorporate this chemical.

Ethylene, tetrafluoro copolymer with ethylene (ETFE) (Section 2216)

Present law

Ethylene, tetrafluoro copolymer with ethylene (ETFE) is classifiable under HTS subheading 3904.69.50.00 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend subchapter II of chapter 99 of the HTS by inserting a new subheading for Ethylene, tetrafluoro copolymer with ethylene (ETFE) with a reduced duty rate of 3.3% ad valorem through December 31, 2001.

Reason for change

The temporary tariff reduction would enable U.S. companies to more cost-effectively use the subject chemical in wide applications, including coating electrical wires, insulating aircraft fuel tanks and hydraulic systems, and acting as a vapor barrier in automobiles to help comply with the Clean Air Act.

3-Mercapto-d-valine (Section 2217)

Present law

3-Mercapto-D-valine is classifiable under HTS subheading 2930.90.45 and subject to an NTR duty rate of 4.2% ad valorem. This product is used in the production of anti-cancer drugs, as temporarily duty free until December 31, 2001.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading 9902.32.18 for 3-Mercapto-D-valine.

Reason for change

The temporary duty suspension would allow American companies to reduce production costs, operate more efficiently, and pass savings on to downstream users and consumers. There is no domestic production of this chemical.

P-ethylphenol (Section 2218)

Present law

P-Ethylphenol is classifiable under HTS subheading 2907.19.20 and subject to an NTR duty rate of 8.2% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading 9902.31.21 for p-Ethylphenol as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies to reduce production costs, operate more efficiently, and pass savings on to downstream users and consumers. There is no domestic production of this chemical.

Pantera (Section 2219)

Present law

Pantera is classifiable under HTS subheading 2909.30.40 and subject to an NTR duty rate of 9.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading 9902.29.09 for (+/-)-Tetrahydrofurfuryl (R)-2-[4-(6-chloroquinoxaline-2-yloxy) phenoxy] propanoate (referred to as Pantera) as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies to reduce production costs, operate more efficiently, and pass savings on to downstream users and consumers. There is no domestic production of this chemical.

P-Nitrobenzoic acid (Section 2220)

Present law

P-Nitrobenzoic acid is classifiable under HTS subheading 2916.39.45 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading 9902.32.94 for p-Nitrobenzoic acid as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There are currently no known domestic producers of this chemical and no known commercially viable substitutes for this product in downstream applications.

P-Toluenesulfonamide (Section 2221)

Present law

P-Toluenesulfonamide is classifiable under HTS subheading 2935.00.95 and subject to an NTR duty rate of 1.8¢/kg +12.2% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading 9902.32.95 for p-Toluenesulfonamide as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies to reduce production costs, operate more efficiently, and pass savings on to downstream users and consumers. There is no domestic production of this product.

Polymers of tetrafluoroethylene, hexafluoropropylene, and vinylidene fluoride (Section 2222)

Present law

Polymers of tetrafluoroethylene, hexafluoropropylene, and vinylidene fluoride are classifiable under HTS subheadings 3904.61.00 subject to an NTR duty rate of 5.8% ad valorem and 3904.69.50 subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading 9902.39.04 for polymers of tetrafluoroethylene as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies to reduce production costs, operate more efficiently, and pass savings on to downstream users and consumers. There is no domestic production of this product.

Methyl 2-[[[[4-(dimethylamino)-6-(2,2,2-trifluoroethoxy)-1,3,5-triazin-2-yl]-amino]carbonyl]-amino]sulfonyl]-3-methylbenzoate (trisulfuron methyl) (Section 2223)

Present law

Methyl 2-[[[[4-(dimethylamino)-6-(2,2,2-trifluoroethoxy)-1,3,5-triazin-2-yl]-amino]carbonyl]-amino]sulfonyl]-3-methylbenzoate is classifiable HTS subheading 3808.30.15 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision is would amend chapter 99, subchapter II of the HTS to insert a new subheading 9902.38.08 for Methyl 2-[[[[4-(dimethylamino)-6-(2,2,2-trifluoroethoxy)-1,3,5-triazin-2-yl]-amino]carbonyl]-amino]sulfonyl]-3-methylbenzoate in mixture with application adjuvants as temporarily free of duty until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies to reduce production costs, operate more efficiently, and pass savings on to downstream users and consumers. There is no domestic production of this product.

Certain manufacturing equipment (Section 2224)

Present law

This machinery, used to produce tires for large equipment is classifiable under certain subheadings and subject to NTR duty rates ranging from Free to 4.7%.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting new subheadings 9902.84.79, 9902.84.81, 9902.84.83, 9902.84.85, 9902.84.87, 9902.84.89, and 9902.84.91 to provide for duty free treatment of certain machinery used to produce the tires.

Reason for change

The temporary duty suspension would enable U.S. companies which use this machinery to more cost-effectively compete in the large tire industry. There is no U.S. producer of the subject machinery in the specifications provided.

Textured rolled glass sheets (Section 2225)

Present law

Certain textured rolled glass sheets used to produce glass-ceramic stovetops are classifiable under HTS subheadings 7003.19.00 or 7003.12.00 and subject to NTR duty rates of 1.3% ad valorem and 1.4% ad valorem, respectively.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by striking heading 9902.70.03 and inserting a new heading for certain textured rolled glass sheets as temporarily duty free until December 31, 2001.

Reason for change

This provision would correct a competitive imbalance in the tariff schedule which favors foreign production of glass-ceramic stovetops. Because of an inverted tariff, imports of the unfinished glass sheets are subject to a higher rate of duty than imports of the finished glass stovetops. There is no domestic production of this product.

Certain HIV drug substances (Section 2226)

Present law

The HIV drugs covered by this provision are classifiable under HTS subheading 2933.40.60 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for these products as temporarily duty free until June 30, 1999.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Rimsulfuron (Section 2227)

Present law

Rimsulfuron is classifiable under HTS subheading 2935.00.75 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for rimsulfuron to reduce the duty to 7.3% until December 31, 1999 and to provide duty-free entry between January 1, 2000 until December 31, 2000.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Carbamic acid (V-9069) (Section 2228)

Present law

Carbamic acid (V-9069) is classifiable under HTS subheading 2935.00.75 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for carbamic acid to reduce the duty to 8.3% until December 31, 1999 and to 7.6% until December 31, 2000.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

DPX-E9260 (Section 2229)

Present law

DPX-E9260 is classifiable under HTS subheading 2935.00.75 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for this product to reduce the duty to 6% until December 31, 1999 and to 5.3% until December 31, 2000.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Ziram (Section 2230)

Present law

Ziram is classifiable under HTS subheading 3808.20.28 and subject to an NTR duty rate of 3.7% ad valorem. It is a chemical used to produce herbicides.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new heading for ziram as temporarily duty-free until December 31, 2001.

Reason for change

The temporary duty suspension would enable American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Ferroboron (Section 2231)

Present law

Ferroboron to be used for manufacturing amorphous metal strip is classifiable under HTS subheading 7202.99.50 and subject to an NTR duty rate of 5% ad valorem. It is a raw material used in the production of amorphous metal electrical power distribution transformer cores.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new heading for ferroboron to be used for manufacturing amorphous metal strip to temporarily reduce the duty to zero until December 31, 2001.

Reason for change

The temporary duty suspension would enable American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Acetic Acid, [[2-chloro-4-fluoro-5[(tetrahydro-3-oxo-1H,3H-[1,3,4]thiadiazolo[3,4-a]pyridazin-1-ylidene)amino]phenyl]thio]-,methyl ester (Section 2232)

Present law

Acetic Acid, [[2-chloro-4-fluoro-5[(tetrahydro-3-oxo-1H,3H-[1,3,4]thiadiazolo[3,4-a]pyridazin-1-ylidene)amino]phenyl]thio]-,methyl ester is classifiable under HTS subheading 2934.90.15 and subject to an NTR duty rate of 10% ad valorem. It is a chemical used in the manufacture of a herbicide to control broadleaf weeds, such as velvetleaf in corn and soybeans.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new heading for this chemical as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Pentyl[2-chloro-5-(cyclohex-1-ene-1,2-dicarboximido-4-fluorophenoxy)acetate (Section 2233)

Present law

Pentyl[2-chloro-5-(cyclohex-1-ene-1,2-dicarboximido-4-fluorophenoxy)acetate is classifiable under HTS subheading 2925.19.40 and is subject to an NTR duty rate of 10.8%. It is a chemical used in the manufacture of a herbicide to control broad-leaf weeds, such as velvetleaf in corn and soybeans.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new heading for this chemical as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Bentazon (3-Isopropyl)-1H-2,1,3-benzothiadiazin-4(3H)-one-2,2-dioxide) (Section 2234)

Present law

(3-Isopropyl)-1H-2,1,3-benzothiadiazin-4(3H)-one-2,2-dioxide (Bentazon) is a product used primarily for a post-emergent herbicide in the production of corn and soybeans and is classifiable under HTS subheading 2934.90.11.00 and subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new heading for (3-Isopropyl)-1H-2,1,3-benzothiadiazin-4(3H)-one-2,2-dioxide (Bentazon) as temporarily at a duty rate of 5% until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Certain high-performance loudspeakers not mounted in their enclosures (Section 2235)

Present law

Certain high-performance loudspeakers not mounted in their enclosures are classifiable under HTS subheading 8518.29.80.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for certain high-performance loud-

speakers not mounted in their enclosures as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Parts for use in the manufacture of certain high-performance loudspeakers (Section 2236)

Present law

Certain parts for use in the manufacture of certain high-performance loudspeakers are classifiable under HTS subheading 8518.90.80.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for parts used in the manufacture of certain high-performance loudspeakers as temporarily duty free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

5-tert-butyl-isophthalic acid (Section 2237)

Present law

5-tert-butyl-isophthalic acid classifiable under HTS subheading 2917.39.70 and subject to an NTR duty rate of 13.2% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for 5-tert-butyl-isophthalic acid as temporarily duty-free until December 31, 2001.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers.

Certain Polymer (Section 2238)

Present law

This polymer is used in plastics production is classifiable under HTS subheading 3907.99.00 and subject to an NTR duty rate of 1.6¢/kg.+7.8% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for this product as duty free.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

2-(4-Chlorophenyl)-3-Ethyl-2, 5-dihydro-5-oxo-4-pyridazine
carboxylic acid, potassium salt (Section 2239)

Present law

2-(4-Chlorophenyl)-3-Ethyl-2, 5-dihydro-5-oxo-4-pyridazine carboxylic acid, potassium salt is a hybridizing agent that controls polination and is classifiable under HTS subheading 2933.90.79 and subject to an NTR duty rate of 10% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading for this product as duty free.

Reason for change

The temporary duty suspension would allow American companies using this product to reduce production costs, operate more efficiently, and pass savings on to the downstream users and consumers. There is no domestic production of this product.

Chapter 3—Effective Date

Effective Date (Section 2301)

This section provides that, except as otherwise indicated, the amendments made in subtitle A apply to goods entered or withdrawn from warehouse for consumption, after the date that is 15 days after the date of enactment of this Act.

SUBTITLE B—OTHER TRADE PROVISIONS

Extension of United States insular possession program (Section
2401)*Present law*

Note 5 in Chapter 91 of the HTS currently allows producers of watches located in the U.S. insular possessions to benefit from the Production Incentive Certificate (PIC) system, which allows watch producers to import specified quantities of watches, watch movements, and some watch components duty free and to claim duty refunds for watches, watch movements, and watch parts. The benefits provided under Note 5 are based on the amount of wages paid to produce such watches in the insular possessions.

The Note 5 program is intended to counteract the lack of natural resources and other competitive disadvantages of the insular possessions. In part because of this program, the watch manufacturing

industry plays a significant role in the economies of the insular possessions, particularly the Virgin Islands where it provides high-skill, high-wage employment to approximately 200 workers.

Explanation of provision

This section makes certain articles of fine jewelry, specifically jewelry articles of silver, gold or platinum under HTS heading 7113, produced in insular possessions, eligible for certain Note 5 benefits. In particular, this section adds an additional U.S. note 3 to chapter 71 of the HTS. Paragraph (a) of the new note 3 permits the inclusion of wages paid for jewelry production in the insular possessions as an offset to duties paid on watches, watch movements and parts imported into the United States, as currently authorized by additional U.S. note 5 to Chapter 91 of the HTS. Paragraph (b) of note 3 provides that the extension of Note 5 benefits to jewelry may not result in any increase in the authorized amount of benefits established by Note 5 and paragraph (c) of note 3 provides that this provision shall not diminish the benefits currently available to watch producers under paragraph (h)(iv) of Note 5 to chapter 91. Paragraph (d) requires the Secretary of Commerce and the Secretary of the Interior to issue regulations to carry out this provision. Paragraph (e) recognizes that the establishment of full-scale jewelry production in the insular possessions will require a transition period. Accordingly, paragraph (e) establishes a two-year transition period during which any article of jewelry described in HTS heading 7113 that is assembled in the Virgin Islands, Guam, or American Samoa shall be treated as a product of the insular possessions for purposes of the benefits provided in this section and for purposes of General Note 3(a)(iv) of the HTS. The Committee also intends that the Secretaries will develop and administer their regulations in a manner that will promote jewelry production in the insular possessions and recognize the need for a transition period.

Reason for change

The Committee expects that this provision will increase employment in the insular possessions in jewelry production.

Effective date

The amendments made by this provision take effect 45 days after the date of the enactment of the Act.

Tariff treatment for certain components of scientific instruments and apparatus (Section 2402)

Present law

Separate components of certain large scientific instruments or apparatus that are imported for assembly under those circumstances in which the instrument or apparatus, due to its size, cannot be imported in its assembled state, are subject to separate NTR duty rates, even though the larger scientific apparatus of which the components are a part would receive duty-free treatment, were they imported as part of a single, finished scientific instrument or apparatus.

Explanation of provision

The provision would amend U.S. Note 6, subchapter X, chapter 98 of the HTS to clarify that separate components of certain large scientific instruments and apparatus would be provided the same tariff treatment as those large scientific instruments and apparatus. The term “instruments and apparatus” under subheading 9810.00.60 would include separable components of an instrument or apparatus that are imported for assembly under those circumstances in which the instrument or apparatus, due to its size, cannot be imported in its assembled state. The provision also would amend the procedures by which the Secretaries of Treasury and Commerce would determine whether or not to grant such duty-free treatment. The provision includes a domestic equivalency test, which provides that the imported item shall remain subject to duties if an instrument or apparatus of equivalent scientific value is being manufactured in the United States.

Reason for change

The provision is needed to permit, in accordance with the Agreement on the Implementation of Educational, Scientific and Cultural Material (the Florence Agreement), duty-free treatment for separate components of certain large scientific instruments or apparatus that are imported for assembly under circumstances in which the instrument, due to its size, cannot be imported in its assembled state, even though the larger scientific apparatus of which the components are a part would receive duty-free treatment, were they imported as part of a single, finished scientific instrument or apparatus.

The Committee recognizes that the scientific and financial benefits of U.S. participation in international scientific projects are of tremendous importance. Accordingly, the Committee expects that the Secretary of Commerce will use only scientific factors in determining whether a domestically equivalent scientific instrument or apparatus is available. Only in the rare case that a domestically-manufactured instrument or apparatus that is the exact functional equivalent to the imported item in the assembled state would the levy of a duty be justified.

Effective date

The effective date shall be 120 days following enactment.

Liquidation or reliquidation of certain entries (Section 2403)

Present law

Certain entries at the ports of Los Angeles and New Orleans in 1986 and 1987 were liquidated not in accordance with a Department of Commerce antidumping determination.

Explanation of provision

The provision would provide for reliquidation of certain entries made at Los Angeles and New Orleans, in accordance with the final decision of the Department of Commerce for shipments of carbon steel wire rod from Trinidad and Tobago entered between October 1, 1984, and December 14, 1987 (case number A-274-001).

Reason for change

The provision would liquidate these entries in compliance with the Department of Commerce rulings.

Effective date

The provision shall apply as of the date of the enactment of this Act.

Drawback and refund on packaging material (Section 2404)

Present law

Section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) was amended by the North American Free Trade Agreement Implementation Act [P.L. 103–182] to insert a new subsection (q) allowing drawback of packaging materials, where the packaging is “used” by filling prior to exportation.

Explanation of provision

The provision would amend section 313(q) of the Tariff Act of 1930 (19 U.S.C. 1313(q)) by inserting a new paragraph for drawback-eligible packaging material filled prior to exportation. The provision would state that packaging materials produced in the United States, which are used by the manufacturer or any other person for articles which are exported or destroyed, would be eligible for a drawback refund of 99 percent of any duty, tax, or fee imposed on the importation of materials used to manufacture the packaging materials.

Reason for change

Under current law, individuals are ineligible to receive drawback on packaging materials used on items which are subsequently exported. The amendment would permit drawback on packaging materials used by a person other than the manufacturer of the container.

Effective date

The provision would be effective as it applies to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of enactment.

Inclusion of commercial importation data from foreign-trade zones under the National Customs Automation Program (Section 2405)

Present law

Section 411 of the Tariff Act of 1930 (19 U.S.C. 1411) established the National Customs Automation Program (NCAP), including a program for the automation of electronic filing. Such data is contained Customs Form 214.

Explanation of provision

The provision would amend section 411 of the Tariff Act of 1930 (19 U.S.C. 1411) relating to the NCAP, to require Customs, no later than January 1, 2000, to include under the program commercial importation data from foreign trade zones.

Reason for change

Customs has not developed a system for the automation of electronic filing of importation data from foreign-trade zones. The provision would establish a deadline for the development and implementation of such a system. The Committee expects the Commissioner of Customs to advise the Committee by July 1, 1999 on the progress and schedule for completing automation of Customs Form 214.

Effective date

The provision would be effective as of the date of enactment.

Large yachts imported for sale at United States boat shows
(Section 2406)

Present law

Large yachts are classifiable under HTS subheading 8903.92.00 and subject to the NTR duty rate of 1.5% at the time of importation.

Explanation of provision

The provision would amend the Tariff Act of 1930 by inserting a new section 484b to provide that large previously owned yachts which would otherwise be dutiable, may be imported without the payment of duty if imported with the intention to offer for sale at a boat show in the United States. Payment of duty would be deferred until such a large yacht is sold, not to exceed a period of six months.

Reason for change

The provision would remove the disincentives under the current law which frequently discourage the sale of large previously owned yachts domestically by requiring the duty to be paid at the time of importation, whether the yacht is eventually sold or not. Removing the disincentives would allow for more large vessel sales, which could pump tens of thousands of dollars into local economies because of related expenditures such as the cost of a supporting crew, docking fees, boat repairs, and supplies.

Effective date

The provision shall apply with respect to a large yacht entered into the United States after the date that is 15 days after the date of enactment of this Act.

Review of protests against decisions of Customs Service (Section
2407)

Present law

Section 515(a) of the Tariff Act of 1930 (19 U.S.C. 1515(a)) provides for administrative review of protests against decisions by the Customs Service.

Explanation of provision

The provision would amend section 515(a) of the Tariff Act of 1930 (19 U.S.C. 1515(a)) to provide that, within 30 days from the date an application for further review is filed, the appropriate Customs officer shall allow or deny the application and, if allowed, forward the protest to the Customs officer who will be conducting the further review.

Reason for change

The provision would require timely processing by Customs officers of applications for further review, thus facilitating trade.

Effective date

The provision would apply with respect to applications for further review filed on or after the date of enactment.

Entries of NAFTA-origin goods (Section 2408)

Present law

Section 520(d) of the Tariff Act of 1930 (19 U.S.C. 1520(d)), outlines the statutory authority for making a claim for a NAFTA preference under the NAFTA rules of origin after the liquidation of the entry within one year of the date of importation. Under the NAFTA Implementation Act [P.L. 103–182], merchandise processing fees (MPFs) are not imposed on NAFTA originating goods from Canada although they are still imposed on NAFTA originating goods from Mexico. To claim a NAFTA preference at the time of entry, an importer must possess a valid certificate of origin. Importers who do not possess a valid certificate at the time of entry often pay duties and the MPF on a good they know is NAFTA-eligible, with the expectation that the MPF will be refunded later as an excess duty when NAFTA-eligibility is proven. However, Customs has taken the position that MPFs are not refundable excess duties under section 520(d).

Section 514(a) of the Tariff Act of 1930 (19 U.S.C. 1514(a)) outlines the statutory authority for filing protests against decisions of the Customs Service. An importer may not claim a NAFTA preference before receiving a valid certificate of origin issued by the exporter. Many importers do not have a certificate of origin at the time goods are entered, and subsequently file post-entry claims when a valid certificate of origin is received. If the entry is liquidated “as entered” before receiving a certificate of origin, importers generally request reliquidation of the entry under section 520(d) in order to make the NAFTA claim. However, if the request to reliquidate is refused by Customs, there is no mechanism to receive further review of this claim. Section 514 currently does not allow a protest of Customs refusal to reliquidate an entry under section 520(d). In addition, Customs has taken the position that a Customs liquidation “as entered” of an entry that is made by an importer without a NAFTA claim is not protestable under section 514 and that such NAFTA claims must be filed under section 520(d) of the Tariff Act of 1930 within one year from the date of entry.

Explanation of provision

Section (a) of this provision would amend section 520(d) of the Tariff Act of 1930 (19 U.S.C. 1520(d)) to clarify that excess MPFs may be refunded along with excess duties if NAFTA-eligibility is proven.

Section (b) of this provision would amend section 514(a) of the Tariff Act of 1930 (19 U.S.C. 1514(a)) to ensure that if an importer is denied a request to reliquidate an entry under section 520(d) in order to make a NAFTA claim, there is a method for obtaining further review of Customs action on that claim. The provision would clarify that importers may use the protest procedure under section 514 to protest the denial of a section 520(d) request for reliquidation.

Reason for change

Section (a) of this provision is necessary to clarify that MPFs may be refunded along with excess duties if NAFTA-eligibility is proven. Section (b) is necessary to clarify that importers may use the protest procedures under section 514 to contest the denial of a request for reliquidation to allow a NAFTA claim under section 520(d). Both of these provisions would facilitate NAFTA trade.

Effective date

The provision would be effective as it applies to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of enactment.

Treatment of international travel merchandise held at Customs-approved storage rooms (Section 2409)

Present law

Section 557(a)(1) of the Tariff Act of 1930 (19 U.S.C. 1557(a)(1)) authorizes entry of dutiable merchandise in Customs-approved bonded warehouses and requires its withdrawal within 5 years for consumption upon payment of duties or for exportation.

Explanation of provision

The provision would amend section 557(a)(1) of the Tariff Act of 1930 (19 U.S.C. 1557(a)(1)) to include International Travel Merchandise (ITM) among the merchandise which may be retained in a bonded warehouse for 5 years from the date of importation.

Reason for change

International Travel Merchandise (ITM) consists of in-flight merchandise sold on board international air carriers after departure from U.S. Customs territory. Presently, ITM is imported into the United States under bond and moved to CASRs, where merchandise is stored, repackaged and under Customs supervision. A Customs regulation applies a one year limit to goods placed in CASRs. This change would make ITM appropriate for storage in a bonded warehouse for up to five years.

The Committee's intent is to recognize that ITM operations are not duty-free sales enterprises, subject to section 1555(b) of the Tariff Act of 1930 (19 U.S.C. 1555(b)), but a wholly unique business

enterprise. The Committee intends that Customs provide, through regulations, for the application of the benefits, privileges, and responsibilities of other classes of bonded warehouses in a new “Class 10” category, which recognizes the unique features of ITM operations.

Effective date

The provision would be effective as of the date of enactment.

Exception to 5-year reviews of countervailing duty or antidumping duty orders (Section 2410)

Present law

Section 751(C) of the Tariff Act of 1930 maintains that five-year reviews of countervailing duty or antidumping duty orders must be conducted and does not exclude merchandise prohibited from importation into the United States because of trade sanctions imposed against the country in which the merchandise originates.

Explanation of provision

The provision would provide that five-year reviews of countervailing duty or antidumping duty orders would not be conducted if the merchandise subject to the orders was prohibited from importation into the United States because of trade sanctions imposed against the country in which the merchandise originates, by amending section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)).

Reason for change

This provision will ensure that sunset reviews are not used inappropriately in those limited circumstances in which imports of the subject merchandise have been banned by an embargo.

Effective date

This provision shall apply as of the date of the enactment of this Act.

Water-resistant wool trousers (Section 2411)

Present law

Water-resistant wool trousers are classifiable under HTS subheadings 6203.41.05 or 6204.61.10 and are subject to a NTR duty rate of 7.6% ad valorem.

Explanation of provision

The provision would provide retroactive duty refunds to water-resistant wool trousers imported during 1989–94. To be eligible for the lower duty rates on such trousers that became effective in 1995, the importers’ requests would need to be filed with the Customs Service within 180 days after the date of the enactment of this legislation.

Reason for change

This provision would correct an error made when the U.S. tariff schedules were converted to the Harmonized Tariff Schedule (HTS) on January 1, 1995. As a result of this conversion, such trousers were no longer separately provided for and were classifiable under HTS provision for wool trousers at a higher duty rate. The correct tariff treatment was corrected effective January 1, 1995. This provision will allow importers to seek duty refunds at the lower (7.6%) duty for water-resistant wool trousers entered between 1989 and 1994.

Effective date

This provision shall apply as of the date of the enactment of this Act.

Reimportation of certain goods (Section 2412)

Present law

Under current law, some products sold by catalogue merchants face double duties when the goods are returned to the manufacturer in the United States from customers abroad.

Explanation of provision

The bill would amend subchapter I of chapter 98 of the HTS subheading by establishing a new HTS subheading (similar to current HTS subheading 9801.00.25) which provides duty-free treatment for an article assessed a duty during a previous importation, if the article was (1) exported within 3 years after the date of such previous importation; (2) sold for exportation and exported to individuals for personal use; (3) reimported without having been advanced in value or improved in condition by any process of manufacture or other means while abroad; (4) reimported as personal returns from those individuals, whether or not consolidated with other personal returns prior to reimportation; and (5) reimported by or for the account of the person who exported the article from the United States within 1 year of such exportation.

Reason for change

This provision will correct a problem faced by catalogue merchants. Under current law, some products sold by catalogue merchants face double duties when the goods are returned to them by customers abroad. This provision would ensure that duties are assessed only the first time a product comes into this country from abroad.

Effective date

This provision shall apply to goods that are reimported into the United States on or after the date that is 15 days after enactment.

Treatment of personal effects of participants in certain world athletic events (Section 2413)

Present law

Under current law, U.S. Customs Service inspectors have the discretion to allow certain articles, not intended for sale or distribution, to be brought into the United States in connection with international athletic events on a duty-free basis. Persons seeking such duty-free treatment are obliged, however, to comply with certain filing requirements which significantly lengthen the entry process.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTS by inserting a new subheading to provide temporary duty-free entry for the personal effects and athletic equipment of participants in, officials of, or accredited members of delegations to (and persons who are immediate family members of or servants to such persons) to certain world athletic events, provided such items are not intended for sale or distribution to the public through December 31, 2003. These events are the 1999 International Special Olympics, the 1999 Women's World Cup Soccer, the 2001 International Special Olympics, the 2002 Salt Lake City Winter Olympics, and the 2002 Winter Paralympic Games. The suspension applies also to other articles, not intended for sale or distribution to the public, such as equipment and materials imported in connection with such events, as well as articles to be used in exhibitions depicting the culture of a country participating in any such event. It would continue to permit Customs Service inspectors to inspect all imports, regardless of their duty status. This section does not allow products to come into the United States that would be barred under existing law, but will help make the customs process as smooth as possible for upcoming international athletic events.

This provision also exempts from taxes and fees all articles described in this provision. This provision clarifies that these articles shall not be free or otherwise exempt or excluded from routine or other inspections as may be required by the Customs Service.

Reason for change

This provision would substantially reduce the Customs paperwork to which athletes and officials of these events and their families would otherwise be subjected. The Committee on Finance expects the relevant agencies to cooperate with the organizing committees of the events to facilitate the entry of athletes, officials, and other participants. Similar measures have been enacted for other international athletic competitions and are analogous to treatment routinely afforded by other countries hosting such events. The Committee notes that the practices and procedures developed during the Centennial Olympic Games in Atlanta, Georgia have been cited as having been highly successful and effective.

Effective date

This provision shall apply as of the date of the enactment of this Act.

Reliquidation of certain entries of thermal transfer multifunction machines (Section 2414)

Present law

Section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) provides for the filing of protests against decisions of the Customs Service.

Explanation of provision

This section directs the Customs Service to liquidate or reliquidate certain entries of thermal transfer multifunction machines (liquidated or reliquidated under HTS subheading 8517.21.00 or 9009.12.00) at the rate of duty that would have been applicable to such merchandise if it had been liquidated or reliquidated under HTS subheading 8471.60.65. Any amounts paid by the United States pursuant to the liquidation or reliquidation of these subject entries would be paid within 180 days after or liquidation reliquidation.

Reason for change

This provision would allow for the liquidation or reliquidation of thermal transfer multifunction machines at a lower rate of duty.

Reliquidation of certain drawback entries and refund of drawback payments (Section 2415)

Present law

Sections 514 and 520 of the Tariff Act of 1930, as amended (19 U.S.C. 1514 and 1520) provide, respectively, for the filing of protests against decisions of the Customs Service, and authority for the Secretary of Treasury to refund duties in the event of errors by the Customs Service in collecting such duties.

Explanation of provision

The provision would direct the Customs Service to liquidate or reliquidate certain entries of juice within 180 days after the date of enactment of this Act and provides that any amounts owed by the United States shall be refunded with interest.

Reason for change

A company protested the classification of certain exports of orange juice for purposes of duty drawback. Certain exports were reliquidated by Customs after an error was acknowledged. The company in question, however, inadvertently omitted certain exports that should have been reliquidated and Customs did not reliquidate those entries at the lower, correct duty rate. The company filed a protest and CIT case, but lost because Customs and the CIT determined that the protest was not timely filed.

Clarification of additional U.S. note 4 to chapter 91 of the Harmonized Tariff Schedule of the United States (Section 2416)

Present law

Imported watch movements and cases must be marked separately with (1) the name of the country of manufacture, (2) the

name of the manufacturer or purchaser and (3) for movements, the number of jewels (if any) serving as frictional bearings. Additional U.S. Note 4, Chapter 91, HTSUS (19 U.S.C. 1202) prescribes the method of marking as cutting, die-sinking, engraving, stamping or mold-marking.

Explanation of provision

The provision would amend chapter 91 of the HTS to clarify that “stamping” can be done by means of indelible ink.

Reason for change

The provision ensures that the Customs Service continues to allow stamping by means of indelible ink as a way to satisfy the marking requirements for watches.

Duty-free sales enterprises (Section 2417)

Present law

Section 555(b) of the Tariff Act of 1930, as amended, requires that a duty-free sales enterprise (so-called duty-free store) may be located anywhere within (a) the same port of entry from which a purchaser of duty-free merchandise departs the customs territory of the United States; or (b) 25 statute miles from the exit point through which the purchaser of duty-free merchandise will depart the customs territory of the United States.

Explanation of provision

The provision would amend section 555 of the Tariff Act of 1930 to allow duty-free stores to be located anywhere within a staffed Customs-defined port-of-entry or 25 statute miles from such port-of-entry, whether or not it is the same port through which the merchandise will be exported from the United States, so long as the Customs Service concludes that there is “reasonable assurance” that the duty-free merchandise will be exported from the United States.

Reason for change

The provision would create additional opportunities for duty-free stores to increase sales. Rather than limiting purchases by international travelers to duty-free stores in or within 25 miles of the port-of-entry of their departure, this provision would permit purchases to be made in any duty-free store located in or within 25 miles of a staffed Customs-defined port-of-entry, whether or not it is the same port through which the purchaser will depart from the United States. This provision only applies, however, to the extent that the Customs Service determines that there is a “reasonable assurance” that the duty-free merchandise will be exported from the United States.

Customs users fees (Section 2418)

Present law

The Consolidated Omnibus Reconciliation Act (COBRA) of 1985 established user fees for certain inspectional services. Under

COBRA, passengers arriving in the United States by commercial airline or vessel from a foreign location other than Canada, Mexico or the Caribbean pay a \$5 fee. COBRA provides that salaries of Customs inspectors who provide services to fee-paying passengers may be funded out of a dedicated user fee account. The North American Free Trade Agreement (NAFTA) temporarily increased the fee to \$6.50, and authorized its collection from passengers from all countries. This authorization expired September 30, 1997.

Because it no longer collects a fee from passengers arriving from Canada, Mexico, or the Caribbean, Customs has concluded that it no longer has authority to use the fee account to pay for preclearance inspectors in those countries. This will result in a loss of inspectors stationed at "preclearance" stations outside the United States and at major seaports. When Customs determined that it no longer had the ability to pay the salaries of these inspectors out of the dedicated user fee account, it temporarily funded these preclearance positions out of its regular budget so as not to unduly interrupt service. However, budget pressure has resulted in the need to reduce these positions with attrition, creating declines in service.

For vessels passengers only, Pub. L. 105-150 provided a one-year authorization for Customs to continue funding approximately 50 positions located at the seaports out of the user fee account. This authority expired September 30, 1998.

Explanation of provision

There are five parts to this provision.

Subsection (a) would grant Customs access to the Customs user fee account to pay for the salaries of up to 50 full-time equivalent inspectional positions to provide preclearance services. The provision would also permit Customs to have access to the account to use up to \$100,000 per fiscal year for equipment to enhance preclearance services.

Subsection (b) would establish a new \$1.75 COBRA user fee for vessel passengers arriving from Canada, Mexico, and the Caribbean. By collecting this fee, Customs would automatically have access to the COBRA account to fund inspectors to service these passengers. This new fee is necessary to fund the seaport positions because these passengers do not currently pay the COBRA user fee, and as such, the positions cannot be funded from the dedicated user fee account.

Subsection (c) would allow \$50 million of the surplus from the Merchandise Processing Fee account in FY 1999, to be used, subject to appropriation, for computer modernization. Customs is undergoing a major computer overhaul and upgrade, mandated by the Customs Modernization Act. The effort involves several hundred million dollars in expenditures which do not currently have a dedicated funding source. This provision is part of the ongoing effort to fund this modernization.

Subsection (d) would establish an advisory committee to review Customs' use of COBRA user fees. Preclearance services and the efficient processing of vessel passengers are vital trade facilitation services which are important to trade and tourism.

Subsection (e) would authorize the Customs Service to adopt an alternative mid-point interest accounting methodology for reconciling entries as part of its National Customs Automation Test Regarding Reconciliation, authorized by the Customs Modernization Act. Customs may prescribe this methodology, rather than the normal methodology (which, pursuant to section 505(c) of the Tariff Act of 1930 (19 U.S.C. 1505(c)), requires interest to be calculated from the date on which the importer of record is required to deposit duties) from October 1, 1998 through the end of the test program or October 1, 2000, whichever is earlier.

Reason for change

This provision is necessary to ensure that Customs has the authority and resources to continue providing preclearance services which greatly facilitates the movement of international passengers and reduces congestion and delays at U.S. ports.

An upgrade to its computer systems is likewise critical to the ability of Customs to process efficiently merchandise trade transactions, an essential trade facilitation service.

The establishment of the Advisory Committee is intended to help Customs accomplish its goals in an efficient manner with the input of industry.

Finally, the interest rate accounting methodology authorization is necessary to provide Customs the flexibility to conduct its Reconciliation prototype program, which current law does not permit.

Effective date

This provision is effective on the date of enactment of this Act.

Duty drawback for methyl tertiary-butyl ether (MTBE) (Section 2419)

Present law

Section 313(p) of the Tariff Act of 1930, as amended, allows duty drawback for a group of “commercially interchangeable” petroleum and petroleum derivative products. MTBE, a petroleum derivative which is a popular fuel additive used in “clean burning” gasoline, is not included on that list and is not eligible for duty drawback.

Explanation of provision

The provision would amend section 313(p)(3) of the Tariff Act of 1930 to allow drawback on MTBE by including it within a category of products (petroleum and petroleum derivatives) that is already eligible for drawback.

Reason for change

In recent years, MTBE has become an important petroleum derivative which is used as a fuel oxygenate. The growth in its use is associated with the increasing demand for “clean burning” gasoline. The provision is intended to promote the resale and export of MTBE and products incorporating it.

Effective date

This provision is effective on the date of enactment of this Act.

Substitution of finished petroleum derivatives (Section 2420)

Present law

The Customs Modernization Act allows for drawback of finished petroleum derivative. Drawback eligibility is generally limited to the actual imported petroleum for which the duty was paid when that petroleum is sold for export by the exporter. However, because imported petroleum is often mixed in large storage tanks with domestically produced petroleum and transported in oil pipelines, it is often difficult to demonstrate that the exported petroleum is the same as the imported petroleum. Accordingly, the exporter is allowed to “substitute” an equivalent quantity and quality of domestic petroleum for the imported petroleum. However, drawback claims may be difficult because the chain of commerce between the import and the export (i.e., aircraft or vessels leaving the U.S.) may involve a number of different commercial entities. Many parties with legitimate drawback claims have been unable to qualify for drawback under current law because of the complexities associated with intermediaries and the matching of eligible imports and exports through the commercial chain of transactions.

Explanation of provision

The provision would provide for drawback on finished petroleum derivatives by amending section 313(p) of the Tariff Act of 1930 (19 U.S.C. 1313(p)) to allow substitution for both the qualified article and of the exported article, matching imports and exports through the commercial chain of events. It would also require interested parties to certify to the Commissioner of Customs that they have not issued and will not issue a certificate of delivery or manufacture and delivery for quantities greater than the amount eligible for drawback and will maintain appropriate records to demonstrate that fact.

Reason for change

This section is intended to clarify the application of drawback for petroleum products where a party other than the exporter is the importer. Congress has long recognized the unique nature of petroleum products and the complex movement of those products from importation to exportation. Because they are typically stored in common tanks and shipped through pipelines carrying other petroleum products, claimants cannot trace the specific molecules of imported petroleum to the point of exportation.

In 1988, the Customs Service administratively imposed accounting requirements that, combined with interpretations of which petroleum products could be considered fungible, appeared to greatly restrict the applicability of drawback to this industry. At a minimum, these requirements necessitated a level of effort that often made it economically unfeasible to seek drawback claims.

In Section 484A of the Customs and Trade Act of 1990 (Pub. L. 101–382), Congress amended the statute to establish monthly accounting procedures for certain petroleum products exported from common storage facilities. Further amendments were made in section 632 of the North American Free Trade Agreement Implementation Act of 1993 (Pub. L. 103–182) in an effort to reduce the

record keeping burdens involved in drawback on the petroleum products provided for in the 1990 Act.

The Committee understands that the trade community and the Customs Service have made significant progress in resolving disagreements on the proper application of these provisions and the administrative burdens required to justify a drawback claim. At the same time, the Committee believes that the current situation restricts the flexibility of the parties involved in petroleum transactions.

This amendment permits substitutions of petroleum products of the same kind and quality, as defined in the 1990 and 1993 Acts. A drawback claim under this provision is based upon the exporter matching the quantity of exports with an equal or greater quantity of imports of the same kind and quality. To ensure accuracy, the Customs Service and the trade community have agreed to require that each party to a transaction certify that it has not designated a quantity greater than the amount eligible for drawback and that it will maintain the appropriate records to demonstrate that fact.

Effective date

In an effort to resolve, finally and completely, issues relating to the interpretation of this drawback, the provision would apply retroactively, as provided in the North American Free Trade Agreement Implementation Act of 1993 and Section 484A of the Trade Act of 1990 (Pub. L. 101-382). However, a “sunset” provision would end the retroactive period for claims not made within six months of enactment of this provision.

Duty on certain importation of mueslix cereals (Section 2421)

Present law

Mueslix is currently classifiable under HTS subheading 1904.10.00, which covers “prepared foods obtained by the swelling or roasting of cereals” and carries a duty rate of 1.3 percent ad valorem. Customs originally classified these products under HTS subheading 1904.20.10, which covers “prepared foods obtained from unroasted cereal flakes or from mixtures of unroasted cereal flakes” and Customs classified Mueslix under HTS category 2008.92.10, which covers “mixtures of fruit, nuts, and other edible plant materials” and carried duty rates ranging from 4.2 to 2.1 percent ad valorem.

Explanation of provision

The provision would require the retroactive reliquidation of entries between January 1, 1992, and January 1, 1998 at the rate applicable to HTS subheading 1904.10.00

Reason for change

This provision would require Customs to liquidate or reliquidate certain entries of Mueslix cereals and refund excess duties paid.

Effective date

The effective date is the date of enactment of this Act.

Expansion of foreign trade zone No. 143 (Chico, CA) (Section 2422)

Present law

Current law requires that an FTZ be located within 60 miles or a 90-minute drive of a Customs port. The requirement is based on the need for U.S. Customs officials at the ports to periodically visit the FTZs for administrative purposes.

Explanation of provision

The provision would waive the requirement outlined above for Chico, California, which is 87 miles from the nearest Customs port.

Reason for change

The provision is intended to promote economic development in the Chico, California area without placing an unreasonable burden on the Customs Service.

Effective date

This provision is effective on the date of enactment of this Act.

Marking of certain silk products and containers (Section 2423)

Present law

Section 334 of the Uruguay Round Agreements Act, the so-called “Breux-Cardin rule,” establishes that the country-of-origin for silk fabrics and scarves is the country where the fabrics are made, even if they undergo dyeing, printing, cutting, sewing and other finishing operations in another country. Section 304 of the Tariff Act of 1930 requires that imported articles of foreign origin be marked in a manner that indicates to an ultimate purchaser in the United States the name of the country of origin of the article.

Explanation of provision

The provision would add a new subsection (h) to section 304 of the Tariff Act of 1930 to exempt silk fabric and scarves from country of origin marking requirements so that they do not need to be marked as having the origin of the country in which the fabric is produced. The provision would allow these products to be imported with appellations such as “Designed in Italy” and “Cut and Sewn in Italy” instead of “Product of China” even if the fabric is Chinese.

Reason for change

This change is the first part of U.S. implementation of the settlement of a WTO dispute settlement proceeding brought by the European Union against the United States concerning the Breux-Cardin rule.

Effective date

The effective date is the date of enactment of this Act.

Normal trade relations for Mongolia (Section 2424)

Present law

At present, Mongolia's trade status is subject to the Jackson-Vanik amendment to title IV of the Trade Act of 1974 (P.L. 93-618), the provision of law governing the extension of normal trade relations to nonmarket economy countries ineligible for such status as of the enactment of the Trade Act. A country subject to this provision may gain NTR, including NTR tariff treatment, only by complying with the freedom-of-emigration criteria under the Trade Act and by concluding a bilateral commercial agreement with the United States providing for reciprocal nondiscriminatory treatment. The extension of NTR is also subject to Congressional approval. The Trade Act authorizes the President to waive the requirements for full compliance with respect to a particular country if he determines that such a waiver will substantially promote the freedom-of-emigration provisions, and if he has received assurances that the emigration practices of the country will lead substantially to the achievement of those objectives.

On January 23, 1991, the President issued a waiver for Mongolia from the Jackson-Vanik freedom-of-emigration requirements. NTR, then known as most-favored-nation (MFN) treatment, was first extended to Mongolia after the President signed into law a joint resolution (P.L. 102-158) on November 13, 1991, approving of the extension of NTR to the products of Mongolia, pursuant to the bilateral commercial agreement. NTR with Mongolia continued in effect under Presidential waivers in subsequent years. On September 16, 1996, the President found Mongolia to be in full compliance with the requirements contained in the Jackson-Vanik Amendment.

Explanation of provision

This provision would authorize the President to determine that title IV of the Trade Act of 1974 should no longer apply with respect to Mongolia, and afterward to proclaim the extension of nondiscriminatory treatment (normal trade relations treatment) to the products of Mongolia. On or after the effective date of the extension of nondiscriminatory treatment to the products of Mongolia, the provision legislatively removes application of title IV from that country.

Reason for change

This provision is intended to recognize that Mongolia is in full compliance with the requirements contained in the Jackson-Vanik amendment.

Effective date

The effective date is the date of enactment of this Act.

Enhanced cargo inspection pilot program (Section 2425)

Present law

No provision.

Explanation of provision

This provision would authorize the Commissioner of the Customs Service to establish a 1-year pilot program for fiscal year 1999 to provide 24-hour cargo inspection services on a fee-for-service basis at an international airport described in subsection (b). The Commissioner may extend the pilot program in subsequent fiscal years after fiscal year 1999 if the Commissioner determines that the extension is warranted.

The international airport described in subsection (b) is a multimodal international airport that is located near a seaport and serviced more than 185,000 tons of air cargo in 1997.

Reason for change

This provision is intended to allow Customs to test a fee-for-service plan for 24-hour cargo inspection services similar to the fee-for-service plans it has in place for small airports and 24-hour package express operations. These fee-for-service plans enable Customs to provide certain enhanced service in unique circumstances where the cost of these services would otherwise be prohibitively expensive in terms of existing budgetary resources.

Effective date

The effective date is the date of enactment of this Act.

Payment of education costs of dependents of certain customs service personnel (Section 2426)

Present law

No provision.

Explanation of provision

The provision would require the Department of Defense to permit the dependent children of deceased U.S. Customs Aviation Group Supervisor Pedro J. Rodriguez attending the Antilles Consolidated School System in Puerto Rico, to complete their primary and secondary education at this school system without cost to such children or any parent, relative, or guardian of such children. The provision would further require the U.S. Customs Service to reimburse the Department of Defense for reasonable education expenses to cover these costs.

Reason for change

Supervisor Rodriguez was killed in the line of duty during the rescue operations relating to Hurricane Georges in September 1998. This provision is intended to allow the dependent children of Mr. Rodriguez to complete their primary and secondary education.

Effective date

This provision is effective on the date of enactment of this Act.

TITLE III—AMENDMENTS TO INTERNAL REVENUE CODE OF 1986

Property subject to a liability treated in same manner as assumption of liability (Section 3001)

Present law

Present law provides that the transferor of property recognizes no gain or loss if the property is exchanged solely for qualified stock in a controlled corporation (sec. 351). The assumption by the controlled corporation of a liability of the transferor (or the acquisition of property “subject to” a liability) generally will not cause the transferor to recognize gain. However, under section 357(c), the transferor does recognize gain to the extent that the sum of the assumed liabilities, together with the liabilities to which the transferred property is subject, exceeds the transferor’s basis in the transferred property. If the transferred property is “subject to” a liability, Treasury regulations indicate that the amount of the liability is included in the calculation regardless of whether the underlying liability is assumed by the controlled corporation. Treas. Reg. sec. 1.357-2(a). Similar rules apply to reorganizations described in section 368(a)(1)(D).

The gain recognition rule of section 357(c) is applied separately to each transferor in a section 351 exchange.

The basis of the property in the hands of the controlled corporation equals the transferor’s basis in such property, increased by the amount of gain recognized by the transferor, including section 357(c) gain.

Reasons for change

The tax treatment under present law is unclear in situations involving the transfer of certain liabilities. As a result, the Committee is concerned that some taxpayers may be structuring transactions to take advantage of the uncertainty. For example, where more than one asset secures a single liability, some taxpayers might take the position that, on a transfer of the assets to different subsidiaries, each subsidiary counts the entire liability in determining the basis of the asset. This interpretation arguably might result in the duplication of tax basis or in assets having a tax basis in excess of their value, resulting in excessive depreciation deductions and mismeasurement of income. The provision is intended to eliminate the uncertainty, and to better reflect the underlying economics of these corporate transfers.

Explanation of provision

Under the provision, the distinction between the assumption of a liability and the acquisition of an asset subject to a liability generally is eliminated. First, except as provided in Treasury regulations, a recourse liability (or any portion thereof) is treated as having been assumed if, as determined on the basis of all facts and circumstances, the transferee has agreed to, and is expected to satisfy the liability or portion thereof (whether or not the transferor has been relieved of the liability). Thus, where more than one person agrees to satisfy a liability or portion thereof, only one would be expected to satisfy such liability or portion thereof. Second, except as

provided in Treasury regulations, a nonrecourse liability (or any portion thereof) is treated as having been assumed by the transferee of any asset that is subject to the liability. However, this amount is reduced in cases where an owner of other assets subject to the same nonrecourse liability agrees with the transferee to, and is expected to, satisfy the liability (up to the fair market value of the other assets, determined without regard to section 7701(g)).

In determining whether any person has agreed to and is expected to satisfy a liability, all facts and circumstances are to be considered. In any case where the transferee does agree to satisfy a liability, the transferee also will be expected to satisfy the liability in the absence of facts indicating the contrary.

In determining any increase to the basis of property transferred to the transferee as a result of gain recognized because of the assumption of liabilities under section 357, in no event will the increase cause the basis to exceed the fair market value of the property (determined without regard to sec. 7701(g)).

If gain is recognized to the transferor as the result of an assumption by a corporation of a nonrecourse liability that also is secured by any assets not transferred to the corporation, and if no person is subject to Federal income tax on such gain, then for purposes of determining the basis of assets transferred, the amount of gain treated as recognized as the result of such assumption of liability shall be determined as if the liability assumed by the transferee equaled such transferee's ratable portion of the liability, based on the relative fair market values (determined without regard to sec. 7701(g)) of all assets subject to such nonrecourse liability. In no event will the gain cause the resulting basis to exceed the fair market value of the property (determined without regard to sec. 7701(g)).

The Treasury Department has authority to prescribe such regulations as may be necessary to carry out the purposes of the provision. This authority includes the authority to specify adjustments in the treatment of any subsequent transactions involving the liability, including the treatment of payments actually made with respect to any liability as well as appropriate basis and other adjustments with respect to such payments. Where appropriate, the Treasury Department also may prescribe regulations which provide that the manner in which a liability is treated as assumed under the provision is applied elsewhere in the Code.

Effective date

The provision is effective for transfers on or after October 19, 1998. No inference regarding the tax treatment under present law is intended.

III. VOTES OF COMMITTEE

In compliance with section 133 of the Legislative Reorganization Act of 1946, the Committee states that S. 262 was ordered favorably reported unanimously by voice vote on January 22, 1999.

IV. BUDGETARY IMPACT

In compliance with sections 308 and 403 of the Congressional Budget Act of 1974, and paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the following letter has been received from the Congressional Budget Office on the budgetary impact of the legislation:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC February 3, 1999.

HON. WILLIAM V. ROTH, Jr.,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the S. 262, the Miscellaneous Trade and Technical Corrections Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Hester Grippando and Mark Grabowicz.

Sincerely,

JAMES L. BLUM, *Acting Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 262—Miscellaneous Trade and Technical Corrections Act of 1999

Summary: S. 262, the Miscellaneous Trade and Tariff Act of 1999, is an omnibus trade bill that would reduce receipts through various changes to existing trade laws, increase receipts by amending the IRS code with respect to the sale of a property subject to a liability, and increase both offsetting receipts collected by the Customs Service and the spending of such receipts. The Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT) estimate that S. 262 would increase governmental receipts by \$4 million and decrease direct spending by \$3 million over the 1999–2004 period. Because enacting S. 262 would affect receipts and direct spending, pay-as-you-go procedures would apply.

S. 262 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would impose two new private-sector mandates by establishing a new fee on passengers arriving in the United States aboard certain commercial vessels and by changing the treatment of property subject to liability. The costs of the new mandates would not exceed the threshold specified in UMRA (\$100 million in 1996, adjusted annually for inflation) in fiscal years 1999 through 2004.

Estimated Cost to the Federal Government: The following table summarized the estimated budgetary impact of S. 262.

SUMMARY OF ESTIMATED BUDGETARY EFFECTS OF S. 262

[By fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	2004
CHANGES IN REVENUES						
Estimated revenues:						
Trade provisions	-24	-11	-11	-12	-13	-14
Revenue offset	7	12	14	16	18	20
Net changes in revenues	-17	1	3	4	6	7
CHANGES IN DIRECT SPENDING						
Additional customs fees:						
Estimated budget authority	-3	-14	-15	-17	-18	-20
Estimated outlays	-3	-14	-15	-17	-18	-20
Additional spending:						
Estimated budget authority	3	14	15	17	18	20
Estimated outlays	3	13	15	17	18	20
Net impact on direct spending						
Estimated budget authority	0	0	0	0	0	0
Estimated outlays	(¹)	-2	(¹)	(¹)	(¹)	(¹)

¹Outlays savings of less than \$500,000.

Sources: Joint Committee on Taxation and Congressional Budget Office.

Revenues.—Title 1 of the bill would allow imports of 13.5-inch television to enter the United States duty-free by reclassifying them as 13-inch televisions. CBO estimates that the reclassification of 13.5-inch television would reduce governmental receipts by \$66 million over fiscal years 1999 through 2004, net of payroll and income tax offsets.

Subtitle A of Title II would temporarily suspend duties on numerous intermediary products and chemicals imported into the United States. CBO estimates that the provisions in Subtitle A would each reduce governmental receipts by less than \$500,000 each year, net of payroll and income tax offsets, and therefore would not have a significant impact on the budget.

CBO estimates that only three provisions in Subtitle B of Title II would have a significant impact on the budget: section 2421, which would allow for reliquidations of certain customs entries, would reduce receipts by \$1 million in fiscal year 1999; section 2419, which would allow duty drawback for methyl tertiary-butyl ether (MTBE), would reduce receipts by \$6 million over fiscal years 1999 through 2004; and section 2420, which would amend current law as it relates to the substitution of finished petroleum derivatives, would decrease receipts by \$10 million over fiscal years 1999 through 2004.

Title III would amend the Internal Revenue Code with respect to property subject to liability. The JCT estimates that Title III would increase governmental receipts by \$87 million over fiscal years 1999 through 2004.

Direct Spending.—Subtitle B of Title II would direct the U.S. Customs Service to collect a fee of \$1.75 for each passenger aboard a commercial vessel arriving from Canada, Mexico, and certain other areas. CBO estimates that this provision would increase offsetting receipts by about \$87 million over fiscal years 1999 through 2004. The Customs Service has permanent authority to spend these collections, however, and we expect the agency to spend the funds mostly in the year in which they are collected. Thus, the net

change in outlays would be near zero in most years. Because the additional spending would occur slightly later than the additional income, this provision would reduce direct spending by a total of about \$3 million over the 1999–2004 period.

Basis of estimate: For the purposes of this estimate, CBO assumes that S. 262 will be enacted by March 1, 1999. The estimate of the revenue impact of reclassifying 13.5-inch televisions is based on an estimate provided by the U.S. International Trade Commission (ITC). CBO adjusted that estimate to account for the narrower range of products covered in S. 262 and assumed the revenue loss would grow at the rate CBO projects for total non-petroleum imports. Estimates of the provisions relating to MTBE and finished petroleum derivatives are based on the historical volume of imports, CBO's projection of imports, and information and estimates provided by the U.S. Customs Service, the estimates of the impact of the remaining revenue provisions in S. 262 are based on estimates provided by the ITC and the U.S. Customs Service, on recent data on the collections of customs duties, and on information from various industry sources. The estimate of the revenue provision in Title III was provided by the JCT.

Based on information from the Customs Service, CBO estimates that the \$1.75 fee would apply to about 8 million passengers in fiscal year 2000, the first full year after enactment, and that the number would increase to almost 12 million by 2004. Thus, additional fees would total about \$14 million in 2000 and would grow to about \$20 million by 2004. We expect the Customs Service to spend these funds mostly in the year in which they are collected, so the net change in outlays would be near zero in most years.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

SUMMARY OF EFFECTS OF S. 262 ON DIRECT SPENDING AND RECEIPTS

[By fiscal year, in millions of dollars]

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	0	-2	0	0	0	0	0	0	0	0	0
Changes in receipts	-17	1	3	4	6	7	8	9	10	12	(¹)

Not available.

Sources: Congressional Budget Office and the Joint Committee on Taxation.

Estimated impact on State, local, and tribal governments: S. 262 would impose no new intergovernmental mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Estimated impact on private sector: S. 262 would impose two new private-sector mandates. CBO has determined that section 2418 would impose a mandate on owners of certain commercial vessels. JCT has determined that Title III would impose a new private-sector mandate by changing provisions in the Internal Reve-

nue Code related to the sale of a property subject to a liability. Neither of the two mandates would result in a direct cost exceeding the statutory threshold established in UMRA (\$100 million in 1996, adjusted annually for inflation) in any of the first five years.

Section 2418 would direct the Secretary of the Treasury to charge and collect a customs user fee of \$1.75 for the arrival of each passenger aboard a commercial vessel from Canada, Mexico, a territory or possession of the United States, or any adjacent island. Under current law, arrivals from those areas are exempt from such fees. CBO estimates that the direct cost of the new private-sector mandate would total \$87 million over the 1999–2004 period. Owners would probably incur minimal additional administrative costs and would most likely recoup the total cost of new mandate from passengers through an increase in ticket prices.

JCT estimates that the direct cost of the private-sector mandate in Title III would total \$87 million over the 1999–2004 period.

Estimate prepared by: Federal costs: Hester Grippando and Mark Grabowicz; Impact on the private sector; Lesley Frymier.

Estimate approved by: Tom Woodward, Assistant Director for Tax Analysis; and Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

V. REGULATORY IMPACT AND UNFUNDED MANDATES

A. REGULATORY IMPACT

In compliance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee states that the legislation will not significantly regulate any individuals or businesses, will not impact on the personal privacy of individuals, and will result in no significant additional paperwork.

B. UNFUNDED MANDATES

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995 (Pub. L. No. 104–4). The Committee on Finance has reviewed the provisions of the Miscellaneous Trade and Technical Corrections Act of 1999 as approved by the Committee on January 22, 1999. In accordance with the requirements of Public Law No. 104–4, the Committee has determined that the revenue provisions of the bill contain the following private sector mandate:

Clarify the meaning of “subject to” liabilities under Code sec. 357(c) (bill section 3001).

This revenue provision will involve a net private sector mandate totaling \$67 million in fiscal years 1999–2003 and \$187 million in fiscal years 1999–2008. These amounts are no greater than the aggregate estimated amounts the private sector will be required to pay in order to comply with this private sector mandate during these periods. The revenue raised from this provision is intended to offset the budget costs of the trade provisions of the bill.

The revenue provisions of the bill will not impose a Federal intergovernmental mandate on State, local or tribal governments.

VI. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In the opinion of the Committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of paragraph 12 of rule XXVI of the Standing Rules of the Senate (relating to the showing of changes in existing law made by the bill as reported by the Committee).

