

1 EXECUTIVE COMMITTEE MEETING ON H.R. 4986, THE FSC REPEAL  
2 AND EXTRATERRITORIAL INCOME EXCLUSION ACT OF 2000; AND  
3 H.R. 4868, THE TARIFF SUSPENSION AND TRADE ACT OF 2000  
4 TUESDAY, SEPTEMBER 19, 2000

5 U.S. Senate,  
6 Committee on Finance,  
7 Washington, DC.

8 The meeting was convened, pursuant to notice, at  
9 10:43 a.m., Hon. William V. Roth, Jr., (chairman of the  
10 committee) presiding.

11 Also present: Senators Grassley, Hatch, Murkowski,  
12 Gramm, Craig, Moynihan, Baucus, Rockefeller, Breaux,  
13 Conrad, Graham, Bryan, and Robb.

14 Also present: Stu Eizenstat, Deputy Assistant  
15 Secretary, Treasury Department; Jon Talisman, Acting  
16 Deputy Assistant Secretary, Treasury Department; Lindy  
17 Paull, Chief of Staff, Joint Committee on Taxation; Grant  
18 Aldonas, Chief Trade Counsel; Franklin G. Polk, Staff  
19 Director and Chief Counsel; and David Podoff, Minority  
20 Staff Director and Chief Economist.

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1           The Chairman.    The committee will please come to  
2 order.

3           Senator Moynihan.   Mr. Chairman, before we proceed,  
4 may I take the privilege, on behalf of the Minority, to  
5 welcome to our company the distinguished Senator from  
6 Idaho, who brings great experience in appropriations and  
7 other matters, and was carefully chosen and is most  
8 welcome.

9           The Chairman.    Let me join you, Pat, in welcoming  
10 Larry. We are fortunate in having such an outstanding  
11 legislator join us. I know that he has, as I said  
12 earlier, big shoes to fill in replacing Paul Coverdell,  
13 but there is nobody else better able to do it than Larry.  
14 I know he will represent the west and the Nation as a  
15 whole. We are all very happy to say, welcome.

16           Senator Craig.   Mr. Chairman, Senator Moynihan,  
17 thank you very much. I look forward to working on the  
18 committee.

19           The Chairman.   I might say that you will be taking  
20 Paul's place in the subcommittees, as well as the  
21 committee.

22           Senator Craig.   That is what I understand. Thank  
23 you.

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1 OPENING STATEMENT OF HON. WILLIAM V. ROTH, JR., A U.S.  
2 SENATOR FROM DELAWARE, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. This morning the committee will  
5 consider H.R. 4986, the FSC Repeal and Extraterritorial  
6 Income Exclusion Act of 2000, which the House of  
7 Representatives overwhelmingly approved in a bipartisan  
8 vote of 315 to 109.

9 Now, this legislation satisfies the U.S. WTO  
10 obligations and ensures that U.S. companies will compete  
11 on a level playing field in the global marketplace. I do  
12 not think it is necessary to go through the extended  
13 history of the dispute between the U.S. and the European  
14 Union over the differences between U.S. and European tax  
15 systems and their impact under the GATT and WTO rules.

16 Suffice it to say that the EU chose to abrogate the  
17 understanding we had reached in 1981 to resolve a prior  
18 dispute on these issues, and filed a complaint with WTO.

19 The complaint alleged that the current Foreign Sales  
20 Corporation provision of the Internal Revenue Code did  
21 not comply with WTO rules, including the agreement on  
22 subsidies and countervailing measures. A WTO dispute  
23 panel agreed with the EU and its ruling was affirmed by  
24 the WTO appellate body.

25 Unlike the European approach to compliance with their

1 WTO obligations in the Beef and Banana cases, this  
2 legislation before us represents a good-faith attempt to  
3 comply with the panel's ruling.

4 The Chairman's mark withdraws the current FSC  
5 provisions and in their place make fundamental  
6 adjustments to the Internal Revenue Code that incorporate  
7 territorial features akin to those of several European  
8 tax systems.

9 The bill not only addresses the specific concerns  
10 raised by the WTO panel, it also takes into account the  
11 comments received from the EU in the course of  
12 consultations over the last six months.

13 In adopting this approach, the bill also marks a  
14 first step towards addressing concerns raised before this  
15 committee in hearings I held on the need for changes in  
16 the general international provisions of the Code. This  
17 is an issue we will return to in the next Congress.

18 In the meantime, I want to stress the need to pass  
19 this bill. Failure to do so could result in the  
20 imposition of retaliatory duties against American exports  
21 to the European Union. Under WTO rules, the EU will have  
22 the right to retaliate against U.S. exports as of October  
23 1, 2000 unless replacement legislation is in effect.

24 While I understand there are discussions under way  
25 with the EU that are designed to structure any future

1     dispute settlement actions regarding these issues, they  
2     are predicated entirely on the passage of this bill.

3             As a consequence failure to enact this legislation  
4     would prove costly for the American worker, farmer, and  
5     business. For that reason, the bill has broad,  
6     bipartisan support in both Houses of Congress and the  
7     administration. It is, in fact, the product of an  
8     extremely cooperative and constructive effort by the  
9     Congress and the administration.

10            Deputy Treasury Secretary Eizenstat is with us today  
11     and will describe the administration's support of this  
12     bill. I hope this bill receives solid support from the  
13     committee, and I look forward to continuing to work in a  
14     bipartisan manner to ensure that it is signed into law.

15            With that, it is my pleasure to turn to my good  
16     friend and colleague, Senator Moynihan.

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1 OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S.  
2 SENATOR FROM NEW YORK

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4 Senator Moynihan. Mr. Chairman, I want to support  
5 everything you have said. I want to thank our  
6 distinguished Under Secretary for his efforts in this  
7 regard, especially alerting us to the urgency of our  
8 situation.

9 We have to have a statute in place by the first of  
10 October or we will commence being fined in manners and to  
11 extent that is unprecedented for us and would have a very  
12 bad reaction, I think, in the country. So, let us just  
13 do it.

14 Senator Baucus. Mr. Chairman?

15 The Chairman. Senator Baucus.

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1 OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM  
2 MONTANA

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4 Senator Baucus. Mr. Chairman, I do not want to let  
5 this meeting go by without a statement about the problem  
6 we are facing generally with Europe, and more  
7 specifically represented by this case.

8 I support this legislation, but I must say that I  
9 object to the fact that we have to have this hearing and  
10 that we are here today trying to figure out a way to  
11 keep, in effect, the trading system alive, or at least  
12 the relationship between the United States and Europe  
13 with respect to trade.

14 The European Union, I believe, supports WTO in the  
15 letter of the law, but not very much in the spirit. I  
16 would just like to quickly use this matter here as an  
17 example.

18 The United States created DISC, Direct Investment  
19 Sales Corporation, in the early 1970s. Obviously, as we  
20 know, given the nature of the U.S. and European tax  
21 systems--that is, different--the purpose was to put,  
22 under DISC, American exporters on an equal footing with  
23 European exporters. That was the purpose of DISC, to be  
24 fair, even-handed, balance.

25 But what happened? The Europeans challenged us, took

1 us to a GATT panel. It turned out that we Americans were  
2 found not to be compatible with DISC, so we set up a new  
3 system called FSC, Foreign Sales Corporation.

4 At that time back in the 1980s when we set up FSC,  
5 the Europeans agreed, said that is fine. You have made  
6 some changes, that is fine. So for a good number of  
7 years, 15, 16, 18 years, we operated, the Americans and  
8 the Europeans did, under a system everybody agreed to was  
9 fine, worked out well.

10 The Europeans had their VAT, we had our FSC. Their  
11 VAT, frankly, helped them a lot more than our FSC helped  
12 us, but nevertheless, that was the deal.

13 Now we fast-forward to the 1990s. The EU began to  
14 lose some cases in WTO, Bananas, Growth Hormones, fought  
15 those cases tooth and nail. Twice, WTO panels ruled  
16 against Europeans, at least on Beef, and I think in  
17 Bananas it is similar. Europeans continue to wiggle  
18 around. They do not want to follow the WTO. They are  
19 trying to find every way they can not to follow the WTO.

20 Finally, Americans had to try to negotiate with them  
21 and imposed the penalties, the tariffs, as we are allowed  
22 to do under the rules of the WTO. Still, the Europeans  
23 will not negotiate.

24 Add to that, I hear of no companies, if any, very few  
25 companies, rushing to Brussels or complaining in the



1 United States about FSC. None whatsoever. Trade  
2 ministers, not complaining about FSC. Not at all.

3 Rather, it was EU bureaucrats in Brussels, upset with  
4 losing the WTO cases on Bananas and on Growth Hormones  
5 that caused us to be here today by complaining about FSC.  
6 Even though the Europeans had earlier agreed that FSC is  
7 all right, they take FSC to the WTO and the WTO says,  
8 yes, that is right, legally, under WTO, this is not  
9 compatible with the WTO. So here we are.

10 Add to that, we try and negotiate with the Europeans  
11 and they do not want to negotiate. I must say that that  
12 is not leadership. If the EU wants the trading system to  
13 work, they are going to have to exercise a lot more  
14 leadership than they are to date.

15 The real challenge before us as Americans is to try  
16 to figure out a way to encourage the Europeans to play by  
17 the rules and to honor the trading system in spirit, as  
18 well as by the letter. So far, the record is very poor.

19 I just hope that some Europeans are listening to this  
20 statement and are watching what we are doing here today,  
21 and will begin to realize that this is not a road they  
22 can continue going down or else it is going to be causing  
23 significant problems for both sides of the Atlantic.

24 The Chairman. Thank you, Senator Baucus.

25 We now call up H.R. 4986, the FSC Repeal and

1 Extraterritorial Income Exclusion Act of 2000, as amended  
2 by the amendment offered by Senator Grassley, to strike  
3 the Dividends-Received Deduction provision from the bill.

4 Are there any further amendments to the House bill?

5 Senator Bryan. Mr. Chairman?

6 The Chairman. The Senator from Nevada.

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1 OPENING STATEMENT OF HON. ROBERT H. BRYAN, A U.S. SENATOR  
2 FROM NEVADA

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4 Senator Bryan. I thank the Chairman.

5 Mr. Chairman, I support the underlying provisions of  
6 this piece of legislation and I understand the potential  
7 of retaliation against American exporters is very real,  
8 and that the amount of those damages could be  
9 extraordinary, into the billions of dollars.

10 I also recognize that we are working in a time-  
11 sensitive frame, that October 1st is an important date,  
12 or arbitration provisions are triggered that could  
13 ultimately lead to an increase in tariffs that American  
14 exporters would face in Europe.

15 I do, however, want to point out to my colleagues  
16 something that I think is truly indefensible, and that is  
17 one of the industries that receives a tax benefit as a  
18 result of this legislation is the pharmaceutical  
19 industry.

20 I want to call my colleagues' attention to something  
21 that came up in the course of a debate which we had  
22 earlier this year, where the Senate went on record by a  
23 vote of 74:21 to authorize the re-importation of  
24 pharmaceuticals in Canada and Mexico because citizens in  
25 those two countries are able to buy the identical

1 pharmaceutical at substantially less than American  
2 patients are. I think that is unjustified, I think it is  
3 outrageous.

4 Well, I was quite shocked to learn that we have a  
5 similar situation in Europe. I happen to take Lipitor; I  
6 know that many others do as well. It is a prescription  
7 medication that is prescribed for elevated cholesterol  
8 levels.

9 It is 190 percent more expensive to buy the identical  
10 prescription in the United States than in Europe. Let us  
11 talk about Prilosec, 198 percent more than in Europe; and  
12 Claritin, 478 percent. That means that, in effect,  
13 American patients are paying these outrageous prices when  
14 their counterparts in Europe are paying much, much less.

15 I had originally contemplated three amendments, Mr.  
16 Chairman, one that would suggest that if it was a 5  
17 percent differential, one a 50 percent differential, 100  
18 percent.

19 Now, these are not just isolated cases. The General  
20 Accounting Office has indicated that 60 percent of the  
21 drugs that they examined have prices more than twice as  
22 high as the United States in the United Kingdom. I must  
23 say, that makes absolutely no sense to me.

24 At the same time, Mr. Chairman, the record is equally  
25 clear that the pharmaceutical industry enjoys a 40

1 percent lower tax rate than all other U.S. industries,  
2 and Fortune Magazine recently concluded that the  
3 pharmaceutical industry is the most profitable industry  
4 in the country.

5 Higher drug prices for American patients are not  
6 justified in the face of soaring marketing and  
7 advertising budgets. The industry spent about \$2 billion  
8 in 1999 on direct-to-consumer advertising. I think all  
9 of us have seen these.

10 Generally, they depict an elderly couple frolicking  
11 through the meadow with smiles on their face, and then  
12 the tag line is, if you take this particular medication,  
13 happiness and joy will descend upon your life as well.  
14 Two billion dollars. Two billion dollars is the cost.

15 So it has been my view that American taxpayers should  
16 not be forced to underwrite a highly profitable  
17 pharmaceutical industry that exploits American customers.

18 Now, having said that, Mr. Chairman, at your request  
19 I am not going to offer that amendment. But I do think  
20 it is outrageous, and I do think that the American  
21 taxpayer needs to know what is happening with respect to  
22 pharmaceutical costs.

23 I am not one that has favored price controls; I have  
24 resisted that temptation. But it is indefensible,  
25 inexplicable, and simply outrageous that Americans are

1 subjected to these kinds of extraordinary costs,  
2 exorbitant costs.

3 Mr. Chairman, as I said, at your request I will not  
4 offer this amendment, but I just think it is outrageous.

5 The Chairman. I thank the distinguished Senator for  
6 his cooperation. For the legislation we have before us,  
7 it is critically important that we move as quickly as  
8 possible. I would like at this stage, if there are no  
9 more amendments, to call on Mr. Eizenstat.

10 Senator Graham. Mr. Chairman, will we have an  
11 opportunity to ask staff some questions about this  
12 legislation?

13 The Chairman. Yes. We will proceed with Mr.  
14 Eizenstat.

15 Mr. Eizenstat?

16 Mr. Eizenstat. Thank you, Mr. Chairman. We  
17 strongly support the Chairman's mark and hope that the  
18 committee will pass this expeditiously.

19 This is a product of a unique, bicameral, bipartisan  
20 effort which has involved the staffs of the Chairman, of  
21 Senator Moynihan, of the Joint Committee and Lindy Paull,  
22 and of the House Ranking Member and Chair.

23 This bipartisan, bicameral effort has been necessary  
24 in order to replace the FSC, which the WTO had ruled  
25 illegal, notwithstanding our strong objection to that

1 ruling.

2 We believe that the Chairman's mark will have  
3 produced WTO-consistent legislation that addresses the  
4 major concerns the WTO had in their ruling against the  
5 FSC.

6 First, they indicated that the FSC represented a  
7 subsidy because there was revenue forgone otherwise due.  
8 Under the Chairman's mark, we believe there is not a  
9 subsidy, as there is no foregone tax revenue otherwise  
10 due, since the Chairman's legislation creates a separate  
11 category of qualifying foreign income that is not taxed.  
12 That is something the WTO has indicated can be done.

13 Second, the WTO had indicated that the FSC was export  
14 contingent. The Chairman's legislation is not export  
15 contingent, and any company with income derived from  
16 qualifying transactions, whether through exports or not,  
17 would have the benefit of this provision.

18 Third, this eliminates the special administrative  
19 pricing rules which the WTO expressed concern about.

20 It is urgent, as the Chairman, Senator Moynihan, and  
21 Senator Baucus have urged, to pass this by October 1.  
22 Indeed, that is the only way to avoid an immediate,  
23 enormous confrontation with the European Union.

24 By so acting promptly, we would demonstrate the fact  
25 that we honor our legal obligations to the WTO to act as

1 they ruled by October 1. We would avoid disadvantaging  
2 U.S. companies relative to European companies who get the  
3 advantage of having their VAT rebated on exports, and  
4 indeed, several European countries have similar systems  
5 to that which the replacement legislation would provide.

6 Third, by passing this by October 1, we would avoid  
7 giving the European Union an enormous hand of cards which  
8 they could use to begin the retaliatory process on  
9 October 1, and if they so acted by December 1, they could  
10 impose such level of damages as an arbitration panel  
11 would indicate. Indeed, without this legislation, Mr.  
12 Chairman and members of the committee, our only argument  
13 to the WTO would be on the level of damages.

14 We already know from press reports and other comments  
15 that, at a minimum, the European Union would be seeking  
16 \$4 billion in damages, and we have heard much larger  
17 figures. Of course, we would contest that.

18 But the point is, our only argument would be on the  
19 level of damages. Up to the level that the arbitration  
20 panel would find damages, the EU could then pick and  
21 choose among our exports to put 100 percent tariffs on  
22 our most sensitive products.

23 By passing this legislation, we would have the right  
24 to relitigate the WTO compliance of this new legislation.  
25 Unfortunately, there has been a refusal to negotiate or



1 even offer suggestions by the EU, therefore, it is  
2 urgently important that we move forward and that the  
3 House and Senate act completely by the October 1  
4 deadline.

5 We are most appreciative of the work that has gone  
6 into this, Mr. Chairman, but you and Senator Moynihan and  
7 your staffs, and by other staffs representing the  
8 Majority and Minority, and we would urge you to move  
9 forward promptly.

10 Senator Moynihan. Mr. Chairman, perhaps we might,  
11 while we have a quorum, move to report the bill, and then  
12 our panel will be here to answer any questions that  
13 follow.

14 The Chairman. Thank you for that suggestion. I  
15 will move, or do move----

16 Senator Graham. Mr. Chairman, before we move to  
17 vote to report the bill, could I ask a couple of  
18 questions?

19 The Chairman. Well, we would invite you to ask  
20 those questions after the vote, if you will agree. We  
21 have a quorum here.

22 Senator Graham. Well, the answers to the questions  
23 might affect how we are going to vote on the bill.

24 The Chairman. All right. Please proceed.

25 Senator Graham. The question is, in review of the

1 bill it appears as if there are some changes that are  
2 made which alter underlying law that may or may not be  
3 germane to the issue of replacing the FSC legislation.

4 As an example, there is currently a restriction on  
5 the amount of tax benefits for the sale of certain  
6 military equipment. I understand that this bill would  
7 eliminate that and make it available for whatever tax  
8 credits would be generally available.

9 A) is that a correct statement, and B) is that change  
10 necessary in order to come into compliance with WTO?

11 Mr. Eizenstat. There was an effort in the House,  
12 and properly so, to replicate the benefits of the FSC,  
13 but to do so in a WTO-compliant way.

14 With respect to this military issue, the House felt  
15 that the only partial benefit was not justified and gave  
16 a full benefit for it. That is something that we would  
17 hope, because of the urgency of getting this passed and  
18 the need to keep the two bills as identical as possible,  
19 would be retained here.

20 Senator Graham. The question is, was that change  
21 necessary in order to be WTO-compliant?

22 Mr. Eizenstat. It was not, per se, necessary.

23 Senator Graham. And what is the estimated cost of  
24 that change?

25 Mr. Aldonas. Senator Graham, if I could amplify on

1 the comment about WTO consistency. It is not, strictly  
2 speaking, necessary because what the bill does is  
3 eliminate the FSC and move in the direction of a  
4 territorial system, at least for this source of income.

5 But there is a real value to consistency in terms of  
6 how you treat the income, because what we are saying both  
7 to the WTO and to the EU is, in effect, we are treating a  
8 certain class of income as excluded where it is  
9 attributable to foreign economic processes.

10 By not making or carving up exceptions to that, it is  
11 pretty clear that we are making a firm statement about  
12 how we are going to approach this type of income in the  
13 future. So, while not strictly speaking necessary, there  
14 is some value to that in WTO terms.

15 Senator Graham. I would like to come back to that  
16 question.

17 But what is the scoring of that provision?

18 Ms. Paull. Senator Graham, I did not bring that  
19 with me today. I would be happy to provide it to you  
20 separately. This is a provision that was previously  
21 approved, I believe, and included in past-vetoed bills.  
22 So there is some estimate out there off of the FSC rules,  
23 I just did not bring it with me today.

24 Senator Graham. There is another change which  
25 relates to individuals, clarifies benefits that are

1 available to individual taxpayers as well as those to  
2 corporate taxpayers. Is that necessary to be WTO-  
3 compliant?

4 Mr. Talisman. Senator Graham, again, I think the  
5 issue is whether, again, we are creating a type of income  
6 that is excluded from income to parallel the systems in  
7 the European Union and to bring ourselves into WTO  
8 compliance.

9 It also was intended to replicate FSC benefits, and  
10 there were individuals who were obtaining FSC benefits  
11 through other means. We felt that this was a more  
12 administrable approach and a more supportable approach  
13 under the WTO.

14 Senator Graham. So the answer is yes or no, that  
15 this was necessary to be WTO-compliant?

16 Mr. Talisman. I believe it is helpful with the WTO.

17 Mr. Eizenstat. We think it will be helpful,  
18 Senator.

19 Senator Graham. The third area had to do with co-  
20 ops relative to certain pass-through to benefit of  
21 members. Is that necessary to be WTO-compliant?

22 Mr. Talisman. Again, this is about the two aspects  
23 where the category of income, and also about replicating  
24 the current law benefits for taxpayers. Again, we felt  
25 that it was supportable under both of those approaches.

1           Senator Graham.    And was it necessary to be WTO-  
2 compliant?

3           Mr. Talisman.    It is necessary to have the exclusion  
4 passed through to the co-ops at the member level, yes.

5           Senator Graham.    To be WTO-compliant.

6           Mr. Talisman.    That is right.

7           Senator Graham.    Finally, there was a provision that  
8 allowed certain foreign corporations to elect to be  
9 treated as domestic corporations for U.S. tax purposes.  
10 Is that necessary for WTO compliance?

11          Ms. Paull.    That is one of the fundamentals here of  
12 the expanded class, so the answer is yes. This piece of  
13 legislation eliminated the U.S. manufacturing  
14 requirement, expanded the class of category of businesses  
15 that could qualify.

16          However, in order to qualify if you are a foreign  
17 business, you must elect into our system and that is what  
18 that is designed to do. So, yes, that is part and parcel  
19 of our compliance effort.

20          Mr. Aldonas.    Senator Graham, if I could help,  
21 again, on that. There are two elements, basically, of  
22 the WTO decision on any one of these cases under the  
23 subject agreement: the first is whether a subsidy exists,  
24 the second is whether it is export-contingent.

25          By expanding the class, you address the second

1 question so that it is no longer available only to  
2 exporters, there is a broader category of foreign sales  
3 to which the provisions would apply.

4 What that does, is eliminate the export contingency  
5 that the WTO panel and appellate body found offensive as  
6 part of the FSC. So, strictly speaking, it is a way of  
7 addressing, literally, the concerns that were registered  
8 by both the panel and the appellate body with respect to  
9 the old system.

10 Senator Graham. My concern, as raised by these  
11 questions, is that there has been some history of a bill  
12 which has a specific laudable objective, in this case  
13 becoming WTO-compliant, also becoming the means by which  
14 other extraneous matters and benefits are provided.

15 Of the four areas which have been identified as new  
16 tax expansions, you are saying that at least three out of  
17 the four are required in order to meet the primary  
18 objective of WTO compliance?

19 Mr. Eizenstat. Yes. Or it will strengthen our  
20 argument that it is.

21 The Chairman. Could we proceed? We are about to  
22 lose our quorum.

23 I now move to favorably report to the Senate H.R.  
24 4986, the FSC Repeal and Extraterritorial Income  
25 Exclusion Act of 2000, as amended.

1           We can voice vote it, so those in favor, signify by  
2 saying aye.

3           [A chorus of ayes]

4           The Chairman.   Those opposed, nay?

5           [No response]

6           The Chairman.   The ayes have it.   The bill is  
7 favorably reported.

8           Could we report out the second bill, subject to  
9 amendment?

10          Senator Bryan.   Mr. Chairman, I want to be able to  
11 ask Mr. Eizenstat a question or two.   I have no objection  
12 to the procedure that you outlined if they are still  
13 going to be here and available to respond to some  
14 questions.

15          The Chairman.   What I was trying to do, before we  
16 lose the quorum, is to report out favorably the H.R.  
17 4868, the Tariff Suspension and Trade Act of 2000,  
18 subject to any amendments adopted.

19          Those in favor, signify by saying aye.

20          [A chorus of ayes]

21          The Chairman.   Opposed, nay?

22          [No response]

23          The Chairman.   The ayes have it.   The bill is so  
24 reported.

25          Now we turn to Senator Bryan.

1 Senator Bryan. I thank you very much, Mr. Chairman.

2 Mr. Eizenstat, if I can ask you a question. As you  
3 can gather from my comments and some conversation that we  
4 had, I am really deeply troubled by conferring a tax  
5 benefit on an industry which is highly profitable and  
6 discriminates in its pricing structure with respect to  
7 the identical drug. I mean, what our amendment would  
8 have done, what it simply said, was companies have a  
9 choice.

10 If they are going to charge Americans 100 percent or  
11 more than they are paying for the identical drug in  
12 Europe, then that tax benefit would not be conferred upon  
13 them. It is the industry's choice.

14 On the other hand, if they reduce the prices in this  
15 country so that that differential is not there, then they  
16 would be able to get the benefit of this tax break.

17 I understand the time constraints, October 1st, and  
18 the fact that this has some major global implications.  
19 Could that kind of provision have not have been included  
20 in this bill?

21 Mr. Eizenstat. Senator, first of all, I very much  
22 appreciate the policy concerns that you have expressed  
23 and which are troubling, as you have mentioned them. I  
24 do think that this is not the appropriate vehicle, and  
25 please give me the opportunity to explain why.



1 First, this would be excluding a particular class of  
2 income when we have tried to make this uniform. Second,  
3 it would be very difficult to administer.

4 Third, in the Tax Code, we generally have not--in  
5 fact, almost exclusively have not--tried to limit the  
6 availability of things like the R&D credit, the  
7 investment tax credit, accelerated depreciation, to  
8 particular companies or industries based on political or  
9 policy concerns, however legitimate they may be.

10 There is a strong value in uniformity in the Tax  
11 Code. I think that if, in general, and certainly here,  
12 if we start to pick and choose particular industries  
13 which are favored or disfavored because of certain  
14 actions, we would run into difficulty. But I do, again,  
15 appreciate the concerns that you have raised.

16 Senator Bryan. And I appreciate your response as  
17 well. I do not think anybody would argue that the Tax  
18 Code is a model of simplicity or clarity. It is an  
19 extraordinarily complicated document and it is  
20 complicated because the Tax Code does reflect various  
21 policy determinations that we make.

22 Some of them I think are highly supportive, others I  
23 think are questionable, others I think are indefensible,  
24 as this one is here. I mean, I guess my point being, if  
25 not in this kind of a vehicle, how do you address that?

1 I mean, there is a policy issue here. Most Americans do  
2 not understand the nuances of international trade, but  
3 they certainly understand when they are being gouged.

4 When the identical product by the same manufacturer  
5 is twice as much in the United States as it is in Europe  
6 and that industry gets a tax benefit in which the  
7 American taxpayer is subsidizing, that is a legitimate  
8 question to be raised, it strikes me.

9 Mr. Eizenstat. It is a legitimate question. My  
10 point, simply, is that in this particular piece of  
11 legislation it would not be appropriate and it would  
12 also, of course, delay the passage of this, as you know.

13 Senator Bryan. And I am sure that is the request  
14 that the Chairman made, because I do recognize that there  
15 are broader issues.

16 I think my frustration, Mr. Eizenstat, is that as we  
17 are concluding in this Congress we are told, well, this  
18 vehicle cannot be used, this vehicle cannot be used, we  
19 cannot offer any amendments on this.

20 I mean, from what I call, the distinguished  
21 characteristics between the Senate of the United States  
22 and the House of Representatives is the ability of  
23 Senators to offer virtually unlimited amendments and the  
24 right to talk without limitations, subject only to the  
25 cloture petition.

1 I am very frustrated. I appreciate that your focus  
2 is a bit narrower in terms of trying to deal with these  
3 issues that confront us in terms of retaliation and the  
4 implications that could have for major industries in this  
5 country, and I am sympathetic to that concern. I  
6 appreciate your response, but I am exceedingly  
7 frustrated. I thank you, Mr. Chairman.

8 The Chairman. Thank you.

9 The Senator from Alaska.

10 Senator Murkowski. Mr. Chairman, I would like to  
11 share a concern that I know has come before the staff.  
12 As chairman of the Energy and Natural Resources  
13 Committee, we have an extraordinarily difficult situation  
14 in our nuclear industry in this country.

15 I had filed a bill, Senate bill 2158, to eliminate  
16 duty on certain steam and other vapor generating boilers  
17 associated with our nuclear facilities in this country in  
18 response to the industry, inasmuch as the last domestic  
19 producer basically closed its doors in 1998 and  
20 accordingly the duty on legitimate purchases really, in  
21 my opinion, has little application.

22 Duty is obviously passed on to the consumers. It is  
23 about \$3-4 million a year per copy, the heat exchangers.  
24 It is my understanding that the agreement that we had was  
25 that provisions must be completely uncontroversial and

1 not greater than \$500,000 for consideration.

2 But in any event, we have a situation here where the  
3 House Ways and Means Committee simply reduced the overall  
4 tariff from 5.2 to 4.9, which, in the interest of equity,  
5 I think ducked the justification for the continuance of  
6 the tariff.

7 I had pushed for a complete elimination of the tariff  
8 in the Finance Committee mark-up. Unfortunately, for  
9 reasons and rules that prevailed, we still have what I  
10 consider a substantial injustice in a portion of our  
11 electric power generating industry that contributes 20  
12 percent of our power, and that power is free of any  
13 emissions. So, clearly, it is a substantial  
14 contribution.

15 I just wonder, outside of looking towards the next  
16 Congress for relief, if any of the panel would care to  
17 highlight how we can continue to support an industry that  
18 simply cannot get, domestically, the necessary  
19 replacement parts because we do not make them anymore.  
20 Do we just pass this on to the consumer and justify it?  
21 Anybody want to try it on?

22 The Chairman. A lot of volunteers.

23 Senator Murkowski. I know Senator Breaux also feels  
24 a little frustrated on it, and I would encourage his  
25 comments. At least to get somebody concerned.

1           Senator Baucus. I agree. I think it is something  
2 that should be looked at and, obviously, I think, should  
3 come up in the next Congress.. I do not think there is a  
4 vehicle that we can use to address it this year.

5           But I think the Senator has pointed out a serious  
6 problem that does need some type of a legislative  
7 address, and I will work with you to get it done.

8           Senator Murkowski. Well, I would encourage your  
9 thoughts on it because we either up the price to the  
10 consumer, which is what is happening now----

11          Mr. Eizenstat. We would be happy to look at it.

12          Senator Murkowski. Thank you, Mr. Eizenstat.

13          The Chairman. Senator Grassley?

14          Senator Grassley. On the FSC legislation, I have a  
15 statement that I want to put in the record that I would  
16 have given if the Chairman had not included my amendment  
17 in the bill to take out the Dividends-Received Deduction.

18          But I do want to say, to start out with, deep down in  
19 my heart I kind of feel like Senator Baucus stated about  
20 our relationship with the European community on this.

21          But that having been said, and I agree with it, we are  
22 still in this situation where we want to promote the rule  
23 of law in international. I think that I would like to  
24 have the European Union look at our efforts in the Senate  
25 to take out the Dividends-Received Deduction as a very

1 specific show of good faith on the part of the U.S.  
2 Senate to further go the direction that the European  
3 community wanted us to go when they specifically said in  
4 the WTO ruling that this provision results "in a  
5 situation where certain types of income are shielded from  
6 taxes that would be due in the absence of the FSC  
7 scheme."

8 This Dividends-Received Deduction that was in the  
9 House bill is one of those things that sticks out very  
10 much like a sore thumb or a finger in the eye of the  
11 European Union.

12 As much as I do not think we should be where we are,  
13 we are there, and this whole bill is an effort on the  
14 part of the United States to show good faith. The action  
15 of the Senate and the Chairman of including this  
16 amendment is a further show of good faith that we hope  
17 moves it further to the approval by Europe not to  
18 challenge us any further.

19 The Chairman. Thank you, Senator Grassley.

20 Senator Breaux?

21 Senator Breaux. Mr. Chairman, I have an amendment  
22 to the tariff bill that I would like to present. I think  
23 it is non-controversial, but it is really interesting. I  
24 would just explain to the Chairman, and maybe the staff  
25 that is here that of course understands it, but in the

1 real world when a company imports a product, like Nike,  
2 for instance, imports a pair of shoes, they pay a tariff  
3 on the import. It is generally about \$4 on a pair of  
4 shoes.

5 If the shoe is found to be defective when they  
6 receive the shoe they can get a rebate on the tariff  
7 because it is a defective shoe, but they can only get the  
8 rebate if they destroy the shoe.

9 So what Nike has been doing for years, is taking the  
10 defective shoes when they get them, chopping them up into  
11 very small pieces, and dumping them into a landfill.  
12 These shoes are not biodegradable and they just sit in  
13 landfills, and they are never going to go away, and it is  
14 not a very good corporate practice to do that.

15 So Nike came up with a process by which, instead of  
16 dumping them into landfills, they were chopping them into  
17 real, fine, tiny pieces. They found out they made good  
18 surfaces for basketball courts, track fields, or tennis  
19 courts, or playgrounds.

20 What they were doing, was donating this product free  
21 of charge, getting no money for it--in fact, costing them  
22 a lot more to assemble it and ship it--and sending it to  
23 companies that made these products for inner city,  
24 urbanized neighborhoods, where they have donated  
25 literally sheets full of playgrounds all over the

1 country.

2 But I do not know whether it was Treasury or Customs,  
3 but they said, well, you do not get the rebate if you do  
4 that because you have to chop them up like this and you  
5 cannot chop them up like that. I think that is  
6 ridiculous. They ought to be encouraged to do what they  
7 are doing.

8 So the amendment simply says that Nike would be able  
9 to retain the drawback that they have already got from  
10 the tariff that they paid on a defective product, and  
11 they would ask Customs to liquidate the claims as filed  
12 back to when they started the donation program. There  
13 are only about \$11 million involved in this, but it just  
14 shows you how the government sometimes does not work  
15 right, I think. That is the amendment. It is Amendment  
16 Number 14.

17 The Chairman. Any comments?

18 Senator Gramm. Let me ask you a question, John.  
19 This would apply to every tennis shoe manufacturer, not  
20 just Nike?

21 Senator Breaux. Oh, sure. Yes. Obviously, if any  
22 other company, Reebok or anybody else, has a program  
23 where they destroy the defective product and then donate  
24 it to a charitable cause and get no income from it at  
25 all, anybody would obviously be eligible for it.



1           Senator Gramm.   Mr. Chairman, this is a good-sense  
2 amendment.

3           My frustration is, as you know, the oil industry pays  
4 an import fee, then when they process the oil and export  
5 it they are due the rebate. The way the system is  
6 currently structured, they cannot get it, but we cannot  
7 fit it on this bill because the costs are too high. So I  
8 think Senator Breaux has identified a fertile area that  
9 we ought to be looking at. I wish we could go further,  
10 but I do not object to it.

11          Senator Grassley.   Mr. Chairman?

12          The Chairman.    Senator Grassley?

13          Senator Grassley.   My comment does not deal with the  
14 substance of what you are trying to accomplish, but over  
15 a long period of time my recollection of the type of bill  
16 that we have here that deals with minor tariffs, the  
17 Tariff Suspension and Trade Act, is kind of a bill that  
18 we have very regularly to take care of some problems that  
19 we have with a lot of very minor issues that probably not  
20 very much attention is paid to, but legitimate  
21 controversy that must be resolved. We try to do that in  
22 a consensus fashion.

23          I am just raising the issue, if your amendment is  
24 adopted, if we reach the point where it becomes  
25 controversial, that we are not able to get what we have

1 to do every year or every two years to take care of some  
2 of our tariffs problems in this very consensus,  
3 noncontroversial way, I guess since I am not Chairman of  
4 the committee or the Ranking Member, I would just raise  
5 that question, not only with Senator Breaux, but with  
6 Chairman Roth and with Ranking Member Moynihan.

7 Senator Breaux. It is not a controversial thing at  
8 all. It is just something that needs to be done.

9 Senator Moynihan. Mr. Chairman, if Customs has no  
10 concern, it would be in the nature of all these other  
11 things, which you have brilliantly put together, I must  
12 say.

13 Can anybody tell me what ACSOZSTROBAN formulated is,  
14 or FUNGALOR, or NORBLIC?

15 Senator Grassley. That is just exactly why this is  
16 a consensus bill. [Laughter].

17 The Chairman. We will tell you much later what it  
18 is.

19 Is there any further comment?

20 Senator Breaux. I move the adoption of the  
21 amendment.

22 The Chairman. Those in favor, signify by saying  
23 aye.

24 [A chorus of ayes]

25 The Chairman. Opposed, nay?

1 [No response]

2 The Chairman. The ayes have it. The amendment is  
3 agreed to.

4 Senator Gramm. Mr. Chairman, I would say it  
5 disturbs me to be reminded that working Americans have to  
6 pay a \$4 or \$5 tariff on a pair of tennis shoes. What an  
7 outrage that is.

8 The Chairman. If there are no further comments,  
9 this concludes the mark-up. The committee is in recess.

10 [The prepared statement of Senators Grassley and  
11 Craig appears in the appendix.]

12 [Whereupon, at 11:28 a.m., the meeting was  
13 concluded.]

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## I N D E X

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THE HONORABLE WILLIAM V. ROTH, JR. A United States Senator from the State of Delaware	3
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Gilmour  
9-19-00  
36 pp.

**UNITED STATES SENATE  
COMMITTEE ON FINANCE**

**Tuesday, September 19, 2000**

**10:00 a.m.**

**215 Dirksen Senate Office Building**

**OPEN EXECUTIVE SESSION**

**AGENDA**

- I. H.R. 4986, the FSC Repeal and Extraterritorial Income Exclusion Act of 2000; and,
- II H.R. 4868, the Tariff Suspension and Trade Act of 2000.

**Statement By Senator Chuck Grassley**

**On**

**Elimination Of The Dividends-Received Deduction From The  
FSC Repeal And Extraterritorial Income Exclusion Act of 2000**

Mr. Chairman, I am offering an amendment to strike the dividends-received deduction provision from this bill.

When the World Trade Organization issued its panel report in October 1999 on the Tax Treatment of Foreign Sales Corporations,

it cited the dividends-received deduction as one of the specific tax provisions that violate WTO rules.

That panel report was affirmed by the WTO's Appellate Body.

I have been very concerned about how we resolve the Foreign Sales Corporation case for some time.

I believe that we must make a good  
faith effort to comply with the two  
WTO rulings that decisively went  
against us.



So I was very concerned when I saw that the legislation that was passed by the House of Representatives contains a dividends-received deduction provision that looks almost exactly like the provision the WTO said, and I quote from the panel report, "...results in a situation where certain types of income are shielded from taxes that would be due in the absence of the FSC scheme."

The dividends-received deduction that is part of the legislation before us today is, in my view, not necessary to achieve the purposes of this legislation, and undermines its effectiveness.

Some may argue that the specific exemptions listed by the WTO Panel Report can only be considered to violate the WTO rules if they are considered as a whole.

I strongly disagree with this view, Mr. Chairman.

I would like to briefly explain why.

The WTO panel specifically identified the dividends-received deduction in at least two different places in its report.

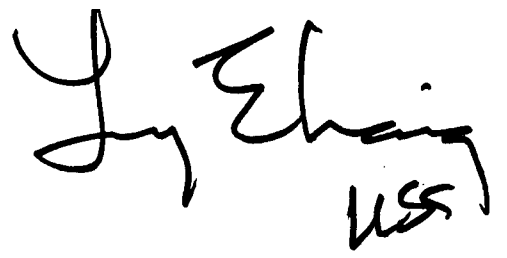
The panel talked about the specific provision, as well as how the three offending provisions together violate WTO rules.

Furthermore, the Panel Report never gave any indication in its analysis that the deduction is compatible with WTO rules just by itself.

Getting a satisfactory resolution to the FSC case that fully complies with WTO rules, and does so in good faith, is much too important to engage in fine, legalistic distinctions that weaken this bill.

Many people from both Houses of Congress, Republican and Democrat, and from the Executive Branch as well, have worked too hard, for too long, to saddle this bill with an unnecessary provision that makes it a weaker bill, and that invites another adverse WTO ruling.

Mr. Chairman, I respectfully urge my colleagues to adopt my amendment, and eliminate this provision from the bill.



Statement of Senator Larry E. Craig  
United States Senate  
Committee on Finance  
Markup of the Foreign Sales Corporation (FSC) Repeal  
and Extraterritorial Income Exclusion Act of 2000  
Tuesday, September 19, 2000

Mr. Chairman: I am pleased to be here today as a newest member of the Senate Finance Committee. I am honored to have the opportunity to use my voice and vote in helping shape some of the most important issues that come before the United States Senate, issues that are first vetted here before this important committee.

Like most Americans, I was extremely disappointed to learn of the World Trade Organization's (WTO) ruling against the United States in the dispute involving the Foreign Sales Corporation (FSC). I commend the Chairman and this Committee for the rapid response in drafting this legislation to answer the issues raised by the WTO appellate body. That being said, it is apparent to me that current form of the FSC is consistent with the United States' obligations to the WTO, and does not represent an unfair export subsidy for U.S. corporations. I have two primary concerns about this ruling against the United States. First, it appears that the European Union's (EU) case against the United States was brought about in retaliation for recent U.S. victories in the EU restrictions on import of bananas



and hormone-treated beef, rather than any complaint about the FSC. Second, I believe that this case is a threat to U.S. sovereignty in our ability to determine our own tax policy.

As a member of the Agriculture Committee, I am all too familiar with the Europeans and their games with so-called fair trade. The United States spends less than 2 percent (\$122 million) of what the EU spends on export assistance (\$7 billion). In fact, the EU accounts for 84 percent of total agriculture export subsidies worldwide. Subsidized foreign competition has contributed to the nearly 20 percent decline in U.S. agriculture exports over the last three years, and the dramatic reduction in the agriculture trade surplus, from \$27 billion in 1996 to just \$11.5 billion this year. I find the timing of the EU's pursuit of the FSC questionable. It arrives on the heels of the WTO dispute settlement panel ruling that the European Union's (EU) ban on imports of meat derived from animals treated with growth hormones is inconsistent with the Uruguay Round Agreement on health and safety measures used to restrict imports, the so-called Sanitary and Phytosanitary (SPS) Agreement. The EU's belated response to the FSC -- which was specifically designed to deal with the proper relationship between different systems of taxation and international trade rules -- is a clear retaliation in my mind to

the \$500 million the United States was able to assess against the EU in the banana and beef case.

I also worry about this decision because of the ramifications that this case could have on U.S. sovereignty. I was one of only a small group of Senators who opposed both the Uruguay Round of the GATT and the NAFTA. I did so in large part because of my concerns about U.S. sovereignty, and my belief that a supranational bureaucracy would undermine the authority of the United States. Article 16, paragraph 4 of the GATT agreement states, *"each member shall ensure the conformity of its laws, regulations, and administrative procedures with its obligation as provided in the GATT."* The case of the FSC is a true test of how far the U.S. will have to go to change our laws to meet a bureaucratic, supranational organization's idea of free trade. I do not necessarily oppose adjustments in our policies, if they ultimately benefit our national and economic interests. However, in this case, the "evidence" is hard pressed to support the allegation that the FSC is not WTO-compliant, and perhaps more important, that this bill meets the national interest test. For me, it signifies that our having to be here today is an exercise to placate the Europeans, and not to make real advances in freer trade. While that isn't a surrender of national sovereignty, we have to be

concerned that we not start losing control over our national decisions. By definition, sovereignty is the ability of a country to make and enforce its own laws. When the WTO rules against us and instructs us that we must change our laws, we risk losing our rights as a country. For me, the test will always be whether these changes infringe, or enhance America's national interest.

Mr. Chairman, thank you again for your important work on this issue. I am confident that America's interests will be both preserved and advanced with your able leadership.

**DESCRIPTION OF H.R. 4986  
(THE "FSC REPEAL AND EXTRATERRITORIAL  
INCOME EXCLUSION ACT OF 2000")**

Scheduled for Markup  
by the  
SENATE COMMITTEE ON FINANCE  
on September 19, 2000

Prepared by the Staff  
of the  
JOINT COMMITTEE ON TAXATION



September 15, 2000

JCX-97-00

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## I. INTRODUCTION

In July 1998, the European Union<sup>1</sup> requested that a World Trade Organization (“WTO”) dispute panel determine whether the foreign sales corporation provisions of sections 921 through 927 of the Internal Revenue Code (“the Code”) comply with WTO rules, including the Agreement on Subsidies and Countervailing Measures. A WTO dispute settlement panel was established in September 1998 to address these issues. On October 8, 1999, the panel ruled that the foreign sales corporation regime was not in compliance with WTO obligations. The panel specified that “FSC subsidies must be withdrawn at the latest with effect from 1 October 2000.”<sup>2</sup> On February 24, 2000, the WTO Appellate Body affirmed the lower panel’s ruling.

This document,<sup>3</sup> prepared by the staff of the Joint Committee on Taxation, provides an overview of present law relating to foreign sales corporations. This document also provides a description of H.R. 4986, the “FSC Repeal and Extraterritorial Income Exclusion Act of 2000,” as passed by the House of Representatives on September 13, 2000. H.R. 4986 is scheduled for markup by the Senate Committee on Finance on September 19, 2000.

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<sup>1</sup> The European Union comprises Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom. Canada and Japan made third-party submissions to the subsequently established dispute settlement panel in support of the European Union position.

<sup>2</sup> WTO, United States – Tax Treatment for “Foreign Sales Corporations,” *Report of the Panel*, October 8, 1999, p. 334.

<sup>3</sup> This document may be cited as follows: Joint Committee on Taxation, *Description of H.R. 4986 (The “FSC Repeal and Extraterritorial Income Exclusion Act of 2000”)* (JCX-97-00), September 15, 2000.

## II. OVERVIEW OF PRESENT-LAW FOREIGN SALES CORPORATION RULES

### Summary of U.S. Income Taxation of Foreign Persons

Income earned by a foreign corporation from its foreign operations generally is subject to U.S. tax only when such income is distributed to any U.S. persons that hold stock in such corporation. Accordingly, a U.S. person that conducts foreign operations through a foreign corporation generally is subject to U.S. tax on the income from those operations when the income is repatriated to the United States through a dividend distribution to the U.S. person.<sup>4</sup> The income is reported on the U.S. person's tax return for the year the distribution is received, and the United States imposes tax on such income at that time. An indirect foreign tax credit may reduce the U.S. tax imposed on such income.

### Foreign Sales Corporations

The income of an eligible foreign sales corporation is partially subject to U.S. income tax and partially exempt from U.S. income tax. In addition, a U.S. corporation generally is not subject to U.S. tax on dividends distributed from the foreign sales corporation out of certain earnings.

A foreign sales corporation must be located and managed outside the United States, and must perform certain economic processes outside the United States. A foreign sales corporation is often owned by a U.S. corporation that produces goods in the United States. The U.S. corporation either supplies goods to the foreign sales corporation for resale abroad or pays the foreign sales corporation a commission in connection with such sales. The income of the foreign sales corporation, a portion of which is exempt from U.S. tax under the foreign sales corporation rules, equals the foreign sales corporation's gross markup or gross commission income, less the expenses incurred by the foreign sales corporation. The gross markup or the gross commission is determined according to specified pricing rules.

A foreign sales corporation generally is not subject to U.S. tax on its exempt foreign trade income. The exempt foreign trade income of a foreign sales corporation is treated as foreign-source income which is not effectively connected with the conduct of a trade or business within the United States.

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<sup>4</sup> A variety of anti-deferral regimes impose current U.S. tax on income earned by a U.S. person through a foreign corporation. The Code sets forth the following anti-deferral regimes: the controlled foreign corporation rules of subpart F (secs. 951-954), the passive foreign investment company rules (secs. 1291-1298), the foreign personal holding company rules (secs. 551-558), the personal holding company rules (secs. 541-547), the accumulated earnings tax rules (secs. 531-537), and the foreign investment company rules (sec. 1246). Detailed rules for coordination among the anti-deferral regimes are provided to prevent a U.S. person from being subject to U.S. tax on the same item of income under multiple regimes.

Foreign trade income other than exempt foreign trade income generally is treated as U.S.-source income effectively connected with the conduct of a trade or business conducted through a permanent establishment within the United States. Thus, a foreign sales corporation's income other than exempt foreign trade income generally is subject to U.S. tax currently and is treated as U.S.-source income for purposes of the foreign tax credit limitation.

Foreign trade income of a foreign sales corporation is defined as the foreign sales corporation's gross income attributable to foreign trading gross receipts. Foreign trading gross receipts generally are the gross receipts attributable to the following types of transactions: the sale of export property; the lease or rental of export property; services related and subsidiary to such a sale or lease of export property; engineering and architectural services for projects outside the United States; and export management services. Investment income and carrying charges are excluded from the definition of foreign trading gross receipts.

The term "export property" generally means property (1) which is manufactured, produced, grown or extracted in the United States by a person other than a foreign sales corporation, (2) which is held primarily for sale, lease, or rental in the ordinary course of a trade or business for direct use or consumption outside the United States, and (3) not more than 50 percent of the fair market value of which is attributable to articles imported into the United States. The term "export property" does not include property leased or rented by a foreign sales corporation for use by any member of a controlled group of which the foreign sales corporation is a member; patents, copyrights (other than films, tapes, records, similar reproductions, and other than computer software, whether or not patented), and other intangibles; oil or gas (or any primary product thereof); unprocessed softwood timber; or products the export of which is prohibited or curtailed. Export property also excludes property designated by the President as being in short supply.

If export property is sold to a foreign sales corporation by a related person (or a commission is paid by a related person to a foreign sales corporation with respect to export property), the income with respect to the export transactions must be allocated between the foreign sales corporation and the related person. The taxable income of the foreign sales corporation and the taxable income of the related person are computed based upon a transfer price determined under section 482 or under one of two formulas.

The portion of a foreign sales corporation's foreign trade income that is treated as exempt foreign trade income depends on the pricing rule used to determine the income of the foreign sales corporation. If the amount of income earned by the foreign sales corporation is based on section 482 pricing, the exempt foreign trade income generally is 30 percent of the foreign trade income the foreign sales corporation derives from a transaction. If the income earned by the foreign sales corporation is determined under one of the two formulas specified in the foreign sales corporation provisions, the exempt foreign trade income generally is 15/23 of the foreign trade income the foreign sales corporation derives from the transaction.

A foreign sales corporation is not required or deemed to make distributions to its shareholders. Actual distributions are treated as being made first out of earnings and profits attributable to foreign trade income, and then out of any other earnings and profits. Any



distribution made by a foreign sales corporation out of earnings and profits attributable to foreign trade income to a foreign shareholder is treated as U.S.-source income that is effectively connected with a business conducted through a permanent establishment of the shareholder within the United States. Thus, the foreign shareholder is subject to U.S. tax on such a distribution.

A U.S. corporation generally is allowed a 100 percent dividends-received deduction for amounts distributed from a foreign sales corporation out of earnings and profits attributable to foreign trade income. The 100 percent dividends-received deduction is not allowed for nonexempt foreign trade income determined under section 482 pricing.

**III. DESCRIPTION OF H.R. 4986  
(THE "FSC REPEAL AND EXTRATERRITORIAL  
INCOME EXCLUSION ACT OF 2000")**

**Description of Bill**

**Repeal of the foreign sales corporation rules**

The bill repeals the present-law foreign sales corporation rules.

**Exclusion of extraterritorial income**

The bill provides that gross income for U.S. tax purposes does not include extraterritorial income. Because the exclusion of such extraterritorial income is a means of avoiding double taxation, no foreign tax credit is allowed for income taxes paid with respect to such excluded income.<sup>5</sup> Extraterritorial income is eligible for the exclusion to the extent that it is "qualifying foreign trade income." Because U.S. income tax principles generally deny deductions for expenses related to exempt income, otherwise deductible expenses that are allocated to qualifying foreign trade income generally are disallowed.

The bill applies in the same manner with respect to both individuals and corporations who are U.S. taxpayers. In addition, the exclusion from gross income applies for individual and corporate alternative minimum tax purposes.

**Qualifying foreign trade income**

Qualifying foreign trade income is the amount of gross income that, if excluded, would result in a reduction of taxable income by the greatest of (1) 1.2 percent of the "foreign trading gross receipts" derived by the taxpayer from the transaction,<sup>6</sup> (2) 15 percent of the "foreign trade income" derived by the taxpayer from the transaction, or (3) 30 percent of the "foreign sale and leasing income" derived by the taxpayer from the transaction. The amount of qualifying foreign trade income determined using 1.2 percent of the foreign trading gross receipts is limited to 200 percent of the qualifying foreign trade income that would result using 15 percent of the foreign trade income. Instead of calculating qualifying foreign trade income in a manner that results in the greatest reduction in taxable income, a taxpayer may choose instead to use one of the other two calculations. If a taxpayer uses 1.2 percent of foreign trading gross receipts to determine the amount of qualifying foreign trade income with respect to a transaction, the taxpayer or any other related persons will be treated as having no qualifying foreign trade income with respect to any

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<sup>5</sup> Certain foreign withholding taxes determined on a gross basis are fully allocated to nonqualifying foreign trade income.

<sup>6</sup> The term "transaction" means (1) any sale, exchange, or other disposition; (2) any lease or rental, and (3) any furnishing of services.

other transaction involving the same property.<sup>7</sup> Qualifying foreign trade income must be reduced by illegal bribes, kickbacks and similar payments, and by a factor for operations in or related to a country associated in carrying out an international boycott, or participating or cooperating with an international boycott.

A taxpayer may determine the amount of qualifying foreign trade income either on a transaction-by-transaction basis or on an aggregate basis for groups of transactions, so long as the groups are based on product lines or recognized industry or trade usage. The Secretary of the Treasury is granted authority to prescribe rules for grouping transactions in determining qualifying foreign trade income. In addition, the Secretary of the Treasury is directed to prescribe rules for marginal costing in those cases in which a taxpayer is seeking to establish or maintain a market for qualifying foreign trade property.

### **Foreign trading gross receipts**

"Foreign trading gross receipts" are gross receipts derived from certain activities in connection with "qualifying foreign trade property" with respect to which certain "economic processes" take place outside of the United States. Specifically, the gross receipts must be (1) from the sale, exchange, or other disposition of qualifying foreign trade property; (2) from the lease or rental of qualifying foreign trade property for use by the lessee outside of the United States; (3) for services which are related and subsidiary to the sale, exchange, disposition, lease, or rental of qualifying foreign trade property (as described above); (4) for engineering or architectural services for construction projects located outside of the United States; or (5) for the performance of certain managerial services for unrelated persons. Foreign trading gross receipts do not include gross receipts from a transaction if the qualifying foreign trade property or services are for ultimate use in the United States, or for use by the United States (or an instrumentality thereof) and such use is required by law or regulation. Foreign trading gross receipts also do not include gross receipts from a transaction that is accomplished by a subsidy granted by the government (or any instrumentality thereof) of the country or possession in which the property is manufactured. A taxpayer may elect to treat gross receipts from a transaction as not foreign trading gross receipts. As a consequence of such an election, the taxpayer could utilize any related foreign tax credits in lieu of the exclusion as a means of avoiding double taxation.

### **Foreign economic processes**

Gross receipts from a transaction are foreign trading gross receipts only if certain economic processes take place outside of the United States. The foreign economic processes requirement is satisfied if the taxpayer (or any person acting under a contract with the taxpayer) participates outside of the United States in the solicitation (other than advertising), negotiation, or making of the contract relating to such transaction and incurs a specified amount of foreign

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<sup>7</sup> Persons are considered to be related if they are treated as a single employer under section 52(a) or (b) (determined without taking into account section 1563(b), thus including foreign corporations) or section 414(m) or (o).

direct costs attributable to the transaction.<sup>8</sup> For this purpose, foreign direct costs include only those costs incurred in the following categories of activities: (1) advertising and sales promotion; (2) the processing of customer orders and the arranging for delivery; (3) transportation outside of the United States in connection with delivery to the customer; (4) the determination and transmittal of a final invoice or statement of account or the receipt of payment; and (5) the assumption of credit risk. A taxpayer's foreign economic processes requirement is treated as satisfied with respect to a sales transaction (solely for the purpose of determining whether gross receipts are foreign trading gross receipts) if any related person has satisfied the foreign economic processes requirement in connection with another sales transaction involving the same qualifying foreign trade property. An exception from the foreign economic processes requirement is provided for taxpayers with foreign trading gross receipts for the year of \$5 million or less.<sup>9</sup>

#### Qualifying foreign trade property

The threshold for determining if gross receipts will be treated as foreign trading gross receipts is whether the gross receipts are derived from a transaction involving "qualifying foreign trade property." Qualifying foreign trade property is property manufactured, produced, grown, or extracted ("manufactured") within or outside of the United States that is held primarily for sale, lease, or rental, in the ordinary course of a trade or business, for direct use, consumption, or disposition outside of the United States.<sup>10</sup> In addition, not more than 50 percent of the fair market value of such property can be attributable to the sum of (1) the fair market value of articles manufactured outside of the United States plus (2) the direct costs of labor performed outside of the United States.<sup>11</sup>

Certain property is excluded from the definition of qualifying foreign trade property. The excluded property is (1) property leased or rented by the taxpayer for use by a related person, (2)

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<sup>8</sup> The foreign direct costs attributable to the transaction generally must exceed 50 percent of the total direct costs attributable to the transaction, but the requirement also will be satisfied if, with respect to at least two categories of direct costs, the foreign direct costs equal or exceed 85 percent of the total direct costs attributable to each category.

<sup>9</sup> For this purpose, the receipts of related persons are aggregated and, in the case of pass-through entities, the determination of whether the foreign trading gross receipts exceed \$5 million is made both at the entity and at the partner/shareholder level.

<sup>10</sup> "United States" includes Puerto Rico for these purposes because Puerto Rico is included in the customs territory of the United States.

<sup>11</sup> For this purpose, the fair market value of any article imported into the United States is its appraised value as determined under the Tariff Act of 1930. In addition, direct labor costs are determined under the principles of section 263A and do not include costs that would be treated as direct labor costs attributable to articles manufactured outside the United States.

certain intangibles,<sup>12</sup> (3) oil and gas (or any primary product thereof), (4) unprocessed softwood timber, (5) certain products the transfer of which are prohibited or curtailed to effectuate the policy set forth in Public Law 96-72, and (6) property designated by Executive order as in short supply.

With respect to property that is manufactured outside of the United States, rules are provided to ensure consistent U.S. tax treatment with respect to manufacturers. The bill requires that property manufactured outside of the United States be manufactured by (1) a domestic corporation, (2) an individual who is a citizen or resident of the United States, (3) a foreign corporation that elects to be subject to U.S. taxation in the same manner as a U.S. corporation, or (4) a partnership or other pass-through entity all of the partners or owners of which are described in (1), (2), or (3) above.<sup>13</sup>

### **Foreign trade income**

“Foreign trade income” is the taxable income of the taxpayer (determined without regard to the exclusion of qualifying foreign trade income) attributable to foreign trading gross receipts. Certain dividends-paid deductions of cooperatives are disregarded in determining foreign trade income for this purpose.

### **Foreign sale and leasing income**

“Foreign sale and leasing income” is the amount of the taxpayer's foreign trade income (with respect to a transaction) that is properly allocable to activities that constitute foreign economic processes (as described above). Foreign sale and leasing income also includes foreign trade income derived by the taxpayer in connection with the lease or rental of qualifying foreign trade property for use by the lessee outside of the United States. Income from the sale, exchange, or other disposition of qualifying foreign trade property that is or was subject to such a lease<sup>14</sup> (i.e., the sale of the residual interest in the leased property) gives rise to foreign sale and leasing income. Except as provided in regulations, a special limitation applies to leased property that (1) is manufactured by the taxpayer or (2) is acquired by the taxpayer from a related person for a price that was other than arm's length. In such cases, foreign sale and leasing income may

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<sup>12</sup> The intangibles that are treated as excluded property under the bill are: patents, inventions, models, designs, formulas, or processes whether or not patented, copyrights (other than films, tapes, records, or similar reproductions, and other than computer software (whether or not patented), for commercial or home use), goodwill, trademarks, trade brands, franchises, or other like property.

<sup>13</sup> Except as provided by the Secretary of the Treasury, tiered partnerships or pass-through entities will be considered as partnerships or pass-through entities for purposes of this rule if each of the partnerships or entities is directly or indirectly wholly-owned by persons described in (1), (2), or (3) above.

<sup>14</sup> For this purpose, a lease includes a lease that gave rise to exempt foreign trade income under the FSC provisions.

not exceed the amount of foreign sale and leasing income that would have resulted if the taxpayer had acquired the leased property in a hypothetical arm's-length purchase and then engaged in the actual sale or lease of such property.

For purposes of determining foreign sale and leasing income, only directly allocable expenses are taken into account in calculating the amount of foreign trade income. In addition, income properly allocable to certain intangibles is excluded for this purpose.

### **Other rules**

The bill provides a limitation with respect to the sourcing of taxable income applicable to certain sale transactions giving rise to foreign trading gross receipts. This limitation only applies with respect to sale transactions involving property that is manufactured within the United States. The special source limitation does not apply if qualifying foreign trade income is determined using 30 percent of the foreign sale and leasing income from the transaction.

The bill provides that certain foreign corporations may elect to be treated as domestic corporations. The election applies to the taxable year when made and all subsequent taxable years unless revoked by the taxpayer or terminated for failure to qualify for the election. Such election is available for a foreign corporation (1) that manufactures property in the ordinary course of such corporation's trade or business, or (2) if substantially all of the gross receipts of such corporation reasonably may be expected to be foreign trading gross receipts. Once a termination occurs or a revocation is made, the former electing corporation may not again elect to be taxed as a domestic corporation under the provisions of the bill for a period of five tax years beginning with the first taxable year that begins after the termination or revocation.

The bill provides rules relating to allocations of qualifying foreign trade income by certain shared partnerships. To the extent that such a partnership (1) maintains a separate account for transactions involving foreign trading gross receipts with each partner, (2) makes distributions to each partner based on the amounts in the separate account, and (3) meets such other requirements as the Treasury Secretary may prescribe by regulations, such partnership then would allocate to each partner items of income, gain, loss, and deduction (including qualifying foreign trade income) from such transactions on the basis of the separate accounts.

The bill also provides that qualifying foreign trade property that is held for lease or rental, in the ordinary course of a trade or business, for use by the lessee outside of the United States is not taken into account for interest allocation purposes.

The bill provides that the amount of any patronage dividends or per-unit retain allocations paid to a member of an agricultural or horticultural cooperative (to which Part I of Subchapter T applies), which is allocable to qualifying foreign trade income of the cooperative, is treated as qualifying foreign trade income of the member (and, thus, excludable from such member's gross income). The cooperative cannot reduce its income (e.g., cannot claim a "dividends-paid deduction") under section 1382 for such amounts.

Under the bill, a U.S. corporation may claim a 100 percent dividends-received deduction with respect to any dividend that is distributed out of earnings and profits of a controlled foreign corporation (as defined in section 957), but only if such dividend is attributable to qualifying foreign trade income. Only U.S. corporations that are also U.S. shareholders (as defined in section 951(b)) are eligible for this 100 percent dividends-received deduction.

### **Effective Date**

#### **In general**

The bill would be effective for transactions entered into after September 30, 2000. In addition, no corporation may elect to be a FSC after September 30, 2000.

The bill also provides a rule requiring the termination of a dormant FSC when the FSC has been inactive for a specified period of time. Under this rule, a FSC that generates no foreign trade income for any five consecutive years beginning after December 31, 2001, will cease to be treated as a FSC.

#### **Transition rules**

The bill provides a transition period for existing FSCs and for binding contractual agreements. The new rules do not apply to transactions in the ordinary course of business involving a FSC before January 1, 2002. Furthermore, the new rules do not apply to transactions in the ordinary course of business after December 31, 2001, if such transactions are pursuant to a binding contract between a FSC (or a person related to the FSC on September 30, 2000) and any other person (that is not a related person) and such contract is in effect on September 30, 2000, and all times thereafter. For this purpose, binding contracts include purchase options, renewal options, and replacement options that are enforceable against a lessor or seller (provided that the options are a part of a contract that is binding and in effect on September 30, 2000). Notwithstanding the transition period, FSCs (or related persons) may elect to have the new rules apply in lieu of the rules applicable to FSCs.

Similar to the limitation on use of the gross receipts method under the new rules, the use of the gross receipts method for transactions after the effective date of the bill is limited if that same property generated foreign trade income to a FSC using the gross receipts method. Under this limitation, if any person used the gross receipts method under the FSC provisions, neither that person nor any related person will have qualifying foreign trade income with respect to any other transaction involving the same item of property.

JOINT COMMITTEE ON TAXATION  
September 15, 2000  
JCX-98-00

ESTIMATED REVENUE EFFECTS OF H.R. 4986,  
THE "FSC REPEAL AND EXTRATERRITORIAL INCOME EXCLUSION ACT OF 2000,"  
AS PASSED BY THE HOUSE OF REPRESENTATIVES,  
AND SCHEDULED FOR MARKUP BY THE COMMITTEE ON FINANCE ON SEPTEMBER 19, 2000

Fiscal Years 2001 - 2010

(Millions of Dollars)

Provision	Effective	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-05	2001-10
Extraterritorial Income Exclusion; FSC Repeal .....	generally ta 9/30/00	-153	-315	-348	-384	-423	-466	-514	-566	-623	-687	-1,623	-4,479
Joint Committee on Taxation													

NOTE: Details may not add to totals due to rounding.

Legend for "Effective" column: ta = transactions after



①

**Grassley Amendment to H.R. 4986:  
The Dividends-Received Deduction**

Under H.R. 4986, a United States corporation may claim a 100 percent dividends-received deduction with respect to any dividend that is distributed out of earnings and profits of a controlled foreign corporation, but only if such dividend is attributable to qualifying foreign trade income.

This amendment would eliminate this dividends-received deduction.

Amendments by Senator Nickles

- (a) Section 5(c) of H.R. 4986 is amended by striking “or” at the end of paragraph (1)(A), by striking the period at the end of paragraph (1)(B) and inserting “, or”, and by adding at the end of paragraph (1)(B) the following new subparagraph:

“(C) after December 31, 2001, involving the sale of a communications satellite, or the provision of related and subsidiary services, where, as of September 30, 2000, a person related to the FSC has been granted by the Federal Communications Commission or the International Telecommunications Union the orbital slot rights which define the location and frequency that the satellite will fill or as of such date a person related to the FSC has an existing satellite in place which will be replaced by the satellite by December 31, 2005.”

- (b) Section 5(c) of H.R. 4986 is amended by redesignating paragraphs (2) and (3) as paragraphs (3) and (4) and by adding after paragraph (1) the following new paragraph:

“(2) Additional rule relating to leasing transactions.—The amendments made by this Act shall not apply to--

(A) any transaction involving the lease or rental of property pursuant to a binding contract or option in effect on September 30, 2000 and at all times thereafter, and any subsequent transaction or transactions involving the sale, lease, or rental of the property that was the subject of such transaction involving the lease or rental (or of property that is received in a like-kind exchange involving such property), and

(B) any transaction involving the lease or rental of property, and any subsequent transaction or transactions involving the sale, lease, or rental of property that was the subject of such transaction involving the lease or rental (or of property that is received in a like-kind exchange involving such property), where the taxpayer (or a person related to the taxpayer) has a binding contract or an option to acquire such property in effect on September 30, 2000 and at all times thereafter.”

④, ⑤, ⑥

**Bryan Amendment #1**

Pharmaceutical companies charging American patients at least 5% more than they charge foreign patients for the same drug would be prohibited from receiving the FSC benefit.

**Bryan Amendment #2**

Pharmaceutical companies charging American patients at least 50% more than they charge foreign patients for the same drug would be prohibited from receiving the FSC benefit.

**Bryan Amendment #3**

Pharmaceutical companies charging American patients at least 100% more than they charge foreign patients for the same drug would be prohibited from receiving the FSC benefit.

1 In section 943(a) of the Internal Revenue Code of  
2 1986, as added by section 3(b) of the bill, add at the end  
3 the following new paragraph:

4 “(5) EXCLUSION OF CERTAIN PRESCRIPTION  
5 DRUGS.—

6 “(A) IN GENERAL.—The term ‘qualifying  
7 foreign trade property’ shall not include pre-  
8 scription drugs sold for use or consumption in  
9 any developed foreign country if the gross re-  
10 cepts from such sale are at least 5 percent less  
11 than the amount which would be such gross re-  
12 cepts were such drugs sold at their respective  
13 average manufacturing prices charged by the  
14 taxpayer and related persons in the United  
15 States.

16 “(B) DEVELOPED FOREIGN COUNTRY.—  
17 For purposes of subparagraph (A), the term  
18 ‘developed foreign country’ means any foreign  
19 country which is a member of the Organisation  
20 for Economic Co-operation and Development.

1       In section 943(a) of the Internal Revenue Code of  
2 1986, as added by section 3(b) of the bill, add at the end  
3 the following new paragraph:

4           “(5) EXCLUSION OF CERTAIN PRESCRIPTION  
5       DRUGS.—

6           “(A) IN GENERAL.—The term ‘qualifying  
7       foreign trade property’ shall not include pre-  
8       scription drugs sold for use or consumption in  
9       any developed foreign country if the gross re-  
10      ceipts from such sale are at least 50 percent  
11      less than the amount which would be such gross  
12      receipts were such drugs sold at their respective  
13      average manufacturing prices charged by the  
14      taxpayer and related persons in the United  
15      States.

16          “(B) DEVELOPED FOREIGN COUNTRY.—  
17      For purposes of subparagraph (A), the term  
18      ‘developed foreign country’ means any foreign  
19      country which is a member of the Organisation  
20      for Economic Co-operation and Development.

1       In section 943(a) of the Internal Revenue Code of  
2 1986, as added by section 3(b) of the bill, add at the end  
3 the following new paragraph:

4           “(5) EXCLUSION OF CERTAIN PRESCRIPTION  
5       DRUGS.—

6           “(A) IN GENERAL.—The term ‘qualifying  
7       foreign trade property’ shall not include pre-  
8       scription drugs sold for use or consumption in  
9       any developed foreign country if the gross re-  
10      ceipts from such sale are at least 100 percent  
11      less than the amount which would be such gross  
12      receipts were such drugs sold at their respective  
13      average manufacturing prices charged by the  
14      taxpayer and related persons in the United  
15      States.

16          “(B) DEVELOPED FOREIGN COUNTRY.—  
17      For purposes of subparagraph (A), the term  
18      ‘developed foreign country’ means any foreign  
19      country which is a member of the Organisation  
20      for Economic Co-operation and Development.

**CHAIRMAN'S MARK**

**TARIFF SUSPENSION AND TRADE ACT OF 2000  
H.R. 4868**

**Senate Committee on Finance  
September 18, 2000 - with technical corrections**

# TARIFF SUSPENSION AND TRADE ACT OF 2000

## H.R. 4868

### TITLE I – TARIFF PROVISIONS

Sec. 1001. Reference; expired provisions

#### SUBTITLE A—TEMPORARY DUTY SUSPENSIONS AND REDUCTIONS

##### CHAPTER 1—NEW DUTY SUSPENSIONS AND REDUCTIONS

- Sec. 1101. HIV/AIDS drug. (S. 2129)
- Sec. 1102. HIV/AIDS drug. (S. 2130)
- Sec. 1103. Triacetoneamine.
- Sec. 1104. Instant print film in rolls.
- Sec. 1105. Color instant print film. (S. 1802)
- Sec. 1106. Mixtures of sennosides and mixtures of sennosides and their salts. (S. 1431)
- Sec. 1107. Cibacron Red LS-B HC. (S. 2371, S. 2185)
- Sec. 1108. Cibacron brilliant Blue FN-G. (S. 2192, S. 2372)
- Sec. 1109. Cibacron Scarlet LS-2G HC. (S. 2187, S. 2373)
- Sec. 1110. MUB 738 INT.
- Sec. 1111. Fenbuconazole. (S. 2470)
- Sec. 1112. 2,6-Dichlorotoluene. (S. 2209, S. 2468)
- Sec. 1113. 3-Amino-3-methyl-1-pentyne. (S. 2469)
- Sec. 1114. Triazamate. (S. 2467)
- Sec. 1115. Methoxyfenozide. (S. 2471)
- Sec. 1116. 1-Fluoro-2-nitrobenzene. (S. 2175)
- Sec. 1117. PHBA. (S. 2173)
- Sec. 1118. (THQ) toluhydroquinone. (S. 2174)
- Sec. 1119. 2,4-Dicumylphenol.
- Sec. 1120. Certain cathode-ray tubes.
- Sec. 1121. Other cathode-ray tubes.
- Sec. 1122. Certain raw cotton
- Sec. 1123. Certain Rhinovirus drug. (S. 2131)
- Sec. 1124. Butralin.
- Sec. 1125. Branched dodecylbenzene.
- Sec. 1126. Certain fluorinated compound.
- Sec. 1127. Certain light absorbing photo dye.
- Sec. 1128. Filter blue green photo dye.
- Sec. 1129. Certain light absorbing photo dyes.
- Sec. 1130. 4,4'-Difluorobenzophenone.



Sec. 1131. Fluorinated compound.  
Sec. 1132. DiTMP.  
Sec. 1133. HPA.  
Sec. 1134. APE.  
Sec. 1135. TMPDE.  
Sec. 1136. TMPME.  
Sec. 1137. Tungsten concentrates.  
Sec. 1138. 2 Chloro Amino Toluene.  
Sec. 1139. Certain ion-exchange resins. (S.2488, 2489, 2490)  
Sec. 1140. 11-Aminoundecanoic acid. (S. 2138)  
Sec. 1141. Dimethoxy butanone (DMB).  
Sec. 1142. Dichloro aniline (DCA).  
Sec. 1143. Diphenyl sulfide.  
Sec. 1144. Trifluralin.  
Sec. 1145. Diethyl imidazolidinnone (DMI).  
Sec. 1146. Ethalfluralin.  
Sec. 1147. Benfluralin.  
Sec. 1148. 3-Amino-5-mercapto-1,2,4-triazole (AMT).  
Sec. 1149. Diethyl phosphorochoridothiate (DEPCT).  
Sec. 1150. Refined quinoline.  
Sec. 1151. DMDS.  
Sec. 1152. Vision inspection systems.  
Sec. 1153. Anode presses.  
Sec. 1154. Trim and form machines.  
Sec. 1155. Certain assembly machines.  
Sec. 1156. Thionyl chloride. (S.2172)  
Sec. 1157. Phenylmethyl hydrazinecarboxylate.  
Sec. 1158. Tralkoxydim formulated.  
Sec. 1159. KN002.  
Sec. 1160. KL084.  
Sec. 1161. IN-N5297.  
Sec. 1162. Azoxystrobin formulated.  
Sec. 1163. Fungaflor 500 EC.  
Sec. 1164. Norbloc 7966.  
Sec. 1165. Imazalil.  
Sec. 1166. 1,5- Dichloroanthraquinone.  
Sec. 1167. Ultraviolet dye.  
Sec. 1168. Vinclozolin.  
Sec. 1169. Tepraloxydim.  
Sec. 1170. Pyridaben.  
Sec. 1171. 2-Acetylnicotinic acid.  
Sec. 1172. SAME.  
Sec. 1173. Procion Crimson H-EXL.  
Sec. 1174. Dispersol Crimson SF grains.  
Sec. 1175. Procion Navy H-EXL.

- Sec. 1176. Procion Yellow H-EXL.
- Sec. 1177. 2-phenylphenol.
- Sec. 1178. 2-Methoxy-1-propene.
- Sec. 1179. 3,5-Difluoroaniline.
- Sec. 1180. Quinclorac.
- Sec. 1181. Dispersol Black XF grains.
- Sec. 1182. Fluroxypyr, 1-methylheptyl ester (FME).
- Sec. 1183. Solsperse 17260.
- Sec. 1184. Solsperse 17000.
- Sec. 1185. Solsperse 5000.
- Sec. 1186. Certain TAED chemicals. (S.2374)
- Sec. 1187. Isobornyl acetate. (S.2376)
- Sec. 1188. Solvent Blue 124. (S.2133)
- Sec. 1189. Solvent Blue 104. (S.2134)
- Sec. 1190. Pro-jet Magenta 364 stage.
- Sec. 1191. 4-amino-2,5-dimethoxy-n-phenylbenzene sulfonamide. (S.2136)
- Sec. 1192. 10-Undecylenic acid. (S.2427)
- Sec. 1193. 2-Methyl-4-chlorophenoxyacetic acid.
- Sec. 1194. Iminodisuccinate.
- Sec. 1195. Iminodisuccinate salts and aqueous solutions.
- Sec. 1196. Poly (vinyl chloride) (PVC) self-adhesive sheets.
- Sec. 1197. 2-butyl-2-ethylpropanediol.
- Sec. 1198. Cyclohexade-8-en-1-one. (S.2207)
- Sec. 1199. Paint additive chemical. (S.2200)
- Sec. 1200. Ortho-cumyl-octylphenol (OCOP).
- Sec. 1201. Certain polyamides. (S.2240)
- Sec. 1202. Mesamoll. (S.2560)
- Sec. 1203. Vulkalent E/C. (S.2561)
- Sec. 1204. Baytron M. (S.2562)
- Sec. 1205. Baytron C-R. (S.2563)
- Sec. 1206. Baytron P.
- Sec. 1207. Dimethyl dicarbonate.
- Sec. 1208. KN001 (a hydrochloride).
- Sec. 1209. KL540.
- Sec. 1210. DPC 083. (S.2392)
- Sec. 1211. DPC 961. (S.2391)
- Sec. 1212. Petroleum sulfonic acids, sodium salts. (S.2377)
- Sec. 1213. Pro-jet Cyan 1 press paste.
- Sec. 1214. Pro-jet Black ALC powder.
- Sec. 1215. Pro-jet fast Yellow 2 RO feed.
- Sec. 1216. Solvent Yellow 145. (S.2532)
- Sec. 1217. Pro-jet fast Magenta 2 RO feed.
- Sec. 1218. Pro-jet fast Cyan 2 stage.
- Sec. 1219. Pro-jet Cyan 485 stage.
- Sec. 1220. Triflusulfuron methyl formulated product.

- Sec. 1221. Pro-jet fast Cyan 3 stage.
- Sec. 1222. Pro-jet Cyan 1 RO feed.
- Sec. 1223. Pro-jet fast Black 287 NA paste/liquid feed.
- Sec. 1224. 4-(Cyclopropyl- $\alpha$ -hydroxy-methylene)-3,5-dioxo-cyclohexanecarboxylic acid ethyl ester
- Sec. 1225. 4'-Epimethylamino-4'-deoxyavermectin B1a and B1b benozates.
- Sec. 1226. Formulations containing 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]-phenoxy]-2-propynyl ester.
- Sec. 1227. Mixtures of 2-(2-chloro-ethoxy)n-[[4methoxy-6-methyl-1,3,5-triazin-2-yl)amino]carbonyl]- and 3,6-dichloro-2-methoxybenzoic acid.
- Sec. 1228. (E,E)-a-(methoxyimino)-2- [[[[1- [3- (trifluoromethyl)phenyl] ethylidene] oxy] methyl] benzeneacetate acid, methyl ester.
- Sec. 1229. Formulations containing sulfur.
- Sec. 1230. Mixtures of 3-(6-methoxy-4-methyl-1,3,5-triazin-2-yl)-1-[2-(2-chloro-ethoxy)-phenylsulfonyl]-urea.
- Sec. 1231. Mixtures of 4-cyclopropyl-6-methyl-n-phenyl-2-pyrimidinamine-4-(2,2-difluoro-1,3-benzodioxol-4-yl)-1*H*-pyrrole-3-carbonitrile.
- Sec. 1232. (R)-2-[2,6-dimethylphenyl]-methoxyacetyl-amino]-propionic acid, methyl ester.
- Sec. 1233. Mixtures of benzothialdiazole-7-carbothioic acid, *S*-methyl ester.
- Sec. 1234. Benzothialdiazole-7-carbothioic acid *S*-methyl ester.
- Sec. 1235. O-(4-bromo-2-chlorophenyl)-O-ethyl-*S*-propyl phosphorothioate.
- Sec. 1236. 1-[[2-(2,4-dichlorophenyl)-4-propyl-1,3-dioxolan-2-yl] methyl]-1*H*-1,2,4-triazole.
- Sec. 1237. Tetrahydro-3-methyl-N-nitro-5[[2-phenylthio)-5-thiazolyl]-4-H-1,3,5-oxadiazin-4-imine. (S. 2193)
- Sec. 1238. 1-(4-Methoxy-6-methyl-triazin-2-yl)-3-[2-(3,3,3-trifluoropropyl)-phenylsulfonyl]-urea.
- Sec. 1239. 4,5-dihydro-6-methyl-4-[(3-pyridinyl meth-ylene)amino], 1,2,4-Triazin-3(2*H*)one.
- Sec. 1240. 4-(2,2-Difluoro-1,3-benzodioxol-4-yl)-1*H*-pyrrole-3-carbonitrile.
- Sec. 1241. Mixture of 2-((((4,6-di-methoxypyrimi- din-2-yl)aminocarbonyl))-n,n-dimethyl-3-pyridinecarboxamide and applicable adjuvants.
- Sec. 1242. Monochrome glass envelopes.
- Sec. 1243. Ceramic coater.
- Sec. 1244. Pro-jet Black 263 stage.
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- Sec. 1246. Bromine-containing compounds. (S. 2142)
- Sec. 1247. Pyridinedicarboxylic acid. (S. 2145)
- Sec. 1248. Certain semiconductor mold compounds. (S. 2165)
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- Sec. 1254. M-chlorobenzaldehyde. (S. 2212)

- Sec. 1255. Ceramic knives. (S. 2461)
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- Sec. 1258. Pendimethalin. (S. 2535)
- Sec. 1259. 3,5-Dibromo-4-hydroxybenzoxonitril ester and inerts. (S. 2575)
- Sec. 1260. 3,5-Dibromo-4-hydroxybenzoxonitril. (S. 2576)
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Sec. 2001. Trade adjustment assistance for certain workers affected by environmental remediation or closure of a copper mining facility. (S. 2611)

**TITLE III—EXTENSION OF NONDISCRIMINATORY TREATMENT TO  
GEORGIA(S. 2141)**

Sec. 3001. Findings.

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## TITLE I – TARIFF PROVISIONS

### Sec. 1001. REFERENCE; EXPIRED PROVISIONS

#### Present Law

Chapter 99 of the HTSUS contains temporary headings that have expired.

#### Explanation of Provision

This provision strikes Chapter 99 expired headings.

#### Reason for Change

The numbering system of the HTS limits the total amount of headings a chapter can contain. Striking these Chapter 99 expired provisions will allow these headings to be used for new temporary headings.

## SUBTITLE A - TEMPORARY DUTY SUSPENSIONS AND REDUCTIONS

### CHAPTER 1--NEW DUTY SUSPENSIONS AND REDUCTIONS

### Sec. 1101. HIV/AIDS DRUG (S. 2129)

#### Present law

The HIV/AIDS drug [4R-[3(2S\*,3S\*),4R\*]]-3-[2-Hydroxy-3- [(3-hydroxy-2-methyl benzoyl)amino]-1-oxo-4-phenylbutyl]-5,5-dimethyl-N- [(2-methylphenyl)methyl]-4-thiazolidinecarboxamide (CAS No. 186538 00 1) (provided for in subheading 2934.10.10) is subject to a NTR duty rate of 3.7% ad valorem.

#### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for certain HIV/AIDS drug, [4R-[3(2S\*,3S\*), 4R\*]]-3-[2-Hydroxy-3- [(3-hydroxy-2-methyl benzoyl)amino]-1-oxo-4-phenylbutyl]-5,5-dimethyl-N- [(2-methylphenyl)methyl]-4-thiazolidinecarboxamide (CAS No. 186538 00 1) (provided for in subheading 2934.10.10), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical and pharmaceutical companies to reduce costs in manufacturing this much-needed pharmaceutical for HIV/AIDS, making such products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1102. HIV/AIDS DRUG (S. 2130)**

Present law

The HIV/AIDS drug 5-[(3,5-Dichlorophenyl)thio]-4-(1-methylethyl)-1-(4-pyridinylmethyl)-1H-imidazole-2-methanol caramate (as provided for in 2933.39.61) is subject to an NTR duty rate of 10.4% ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new heading for certain HIV/AIDS drug 5-[(3,5-Dichlorophenyl)thio]-4-(1-methylethyl)-1-(4-pyridinylmethyl)-1H-imidazole-2-m ethanol caramate (CAS No.178979 85 6) (provided for in subheading 2933.39.61), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical and pharmaceutical companies to reduce costs in manufacturing this much-needed pharmaceutical for HIV/AIDS, making such products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1103. TRIACETONAMINE**

Present law

Triacetoneamine, 4-piperdone 2,2,6,6 tetramethyl (CAS No. 826 36 8)(as provided for in subheading 2933.39.61) is subject to an NTR duty rate of 9.3% (2000), 8.6% (2001), 7.9% (2002) ad valorem.

Explanation of provision

The provision would amend chapter 99, subchapter II of the HTS by inserting a new heading for triacetoneamine, 4-piperdone 2,2,6,6 tetramethyl (CAS No. 826 36 8) (provided for in subheading 2933.39.61) and any mixtures containing the foregoing, as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1104. INSTANT PRINT FILM IN ROLLS**

Present law



Instant print film in rolls (as provided for in subheading 3702.20.00) is subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTS by inserting a new heading for instant print film, in rolls (provided for in subheading 3702.20.00), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. producers of instant print film to reduce their manufacturing costs, making these products competitive with alternative photographic technology without jeopardizing any domestic manufacturer. The film in rolls is used primarily by professional photographers and in other applications not served by flat film.

**Sec. 1105. COLOR INSTANT PRINT FILM (S. 1802)**

Present law

Instant print film for color photography (provided for in subheading 3701.20.00) is subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for instant print film for color photography (provided for in subheading 3701.20.00) as a temporary duty reduction from 3.7% to 2.8% ad valorem until December 31, 2003.

Reason for change

This provision would enable U.S. producers of instant print film to reduce their manufacturing costs, making these products competitive with alternative photographic technology without jeopardizing any domestic manufacturer.

**Sec. 1106. MIXTURES OF SENNOSIDES AND MIXTURES OF SENNOSIDES AND THEIR SALTS (S.1431)**

Present law

Mixtures of sennosides and sennosides and their salts (provided for in subheading 2938.90.00) are subject to NTR duty rates of 3.7% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for mixtures of sennosides and sennosides and their salts (provided for in subheading 2938.90.00), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1107. CIBACRON RED LS-B HC (S.2371, S.2185)**

**Present law**

Cibacron Red LS-B HC, 2,7-Naphthalenedisulfonic acid, 5-[[4-chloro-6-[[3-[[8-[4-fluoro-6-(methylphenylamino)-1,3,5-triazin-2-yl]amino]-1-hydroxy-3,6-disulfo-2-naphthalenyl]azo]-4-sulfophenyl], amino]-1,3,5-triazin-2-yl] amino]-4-hydroxy -3-[(1-sulfo-2-naphthalenyl)azo]-, sodium salt (CAS No. 155522 05 7) (provided for in subheading 3204.16.30) is subject to an NTR duty rate of 10.8% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for Cibacron Red LS-B HC, 2,7-Naphthalenedisulfonic acid, 5-[[4-chloro-6-[[3-[[8-[[4-fluoro-6-(methylphenylamino)-1,3,5-triazin-2-yl]amino]-1-hydroxy-3,6-disulfo-2-naphthalenyl]azo]-4-sulfophenyl], amino]-1,3,5-triazin-2-yl] amino]-4-hydroxy -3-[(1-sulfo-2-naphthalenyl)azo]-, sodium salt (CAS No. 155522 05 7) (provided for in subheading 3204.16.30), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1108. CIBACRON BRILLIANT BLUE FN-G (S.2192, S.2372)**

**Present law**

Cibacron Brilliant Blue FN-G, 4, 11-Triphenodioxazinedisulfonic acid, 6, 13-dichloro-3, 10-bis[[2-[[[4-fluoro-6-[(2-sulfophenyl) amino]-1,3,5-triazin-2-yl] amino] propyl] amino]-lithium sodium salt (CAS No. 163062 28 0) (provided for in subheading 3204.16.30) is subject to an NTR duty rate of 10.8% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for Cibacron Brilliant Blue FN-G, 4, 11-Triphenodioxazinedisulfonic acid, 6, 13-dichloro-3,10-bis[[2-[[[4-fluoro-6-[(2-sulfohenyl) amino] -1,3,5-triazin-2-yl] amino] propyl] amino]- lithium sodium salt (CAS No. 163062 28 0), (provided for in subheading 3204.16.30), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1109. CIBACRON SCARLET LS-2G HC (S. 2187, S. 2373)**

Present law

Reactive Red 268 (CAS No. 152397 212) (provided for in subheading 3204.16.30) is subject to an NTR duty rate of 10.8% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for Reactive Red (CAS No. 152397 21 2) (provided for in subheading 3204.16.30), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1110. MUB 738 INT**

Present law

2-Amino-4(4-Aminobenzoylamino) Benzene Sulfonic acid (CAS No. 167614 37 1) (provided for in subheading 2924.29.70) is subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for MUB 738 INT, 2-Amino-4(4-Aminobenzoylamino) Benzene Sulfonic acid (CAS No. 167614 37 1) (provided for in subheading 2924.29.70), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1111. FENBUCONAZOLE (S. 2470)**

**Present law**

Fenbuconazole, alpha-[2-(4-Chlorophenyl)-ethyl-alpha-phenyl-1 H-1,2,4-triazole-1-propanenitrile (CAS No. 114369 43 6) (provided for in subheading 2933.90.06) is subject to an NTR duty rate of 9.1% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for fenbuconazole, alpha-[2-(4-Chlorophenyl)-ethyl-alpha-phenyl-1H-1,2,4-triazole-1-propanenitrile (CAS No. 114369 43 6) (provided for in subheading 2933.90.06) as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1112. 2,6-DICHLOROTOLUENE (S. 2209, S. 2468)**

**Present law**

2,6-dichlorotoluene (CAS No. 118 69 4) (as provided for in subheading 2903.69.70) is subject to a NTR duty rate of 5.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 2,6-dichlorotoluene (CAS No. 118 69 4) (provided for in subheading 2903.69.70), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1113. 3-AMINO-3-METHYL-1-PENTYNE (S.2469)**

Present law

3-Amino-3-methyl-1-pentyne (provided for in subheading 2921.19.60) is subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 3-Amino-3-methyl-1-pentyne (provided for in subheading 2921.19.60) as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1114. TRIAZAMATE (S. 2467)**

Present law

Triazamate, Acetic acid, [[1-[(dimethylamino)carbonyl]-3-(1,1-dimethylethyl)-1H-1,2,4-triazol-5-yl]thio]-, ethyl ester (CAS No. 112143 82 5) (as provided for in subheading 2933.90.17) is subject to an NTR duty rate of 6.6% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for triazamate, Acetic acid, [[1-[(dimethylamino)carbonyl]-3-(1,1-dimethylethyl)-1H-1,2,4-triazol-5-yl]thio]-, ethyl ester (CAS No. 112143 82 5) (provided for in subheading 2933.90.17) as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1115. METHOXYFENOZIDE (S. 2471)**

Present law

Methoxyfenozide, benzoic acid 3-methoxy-2-methyl-2-(3,5-dimethylbenzoyl) -2-(1,1-dimethyl ethyl)hydrazide (provided for in subheading 2928.00.25) is subject to an NTR duty rate of 6.5% ad valorem.

### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for methoxyfenozide, benzoic acid 3-methoxy-2-methyl-,2-(3,5-dimethylbenzoyl)-2-(1,1-dimethyl ethyl) hydrazide (provided for in subheading 2928.00.25) as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

## **Sec. 1116. 1-FLUORO-2-NITROBENZENE (S. 2175)**

### Present law

1-fluoro-2-nitrobenzene (CAS No. 001493 27 2) (as provided for in subheading 2904.90.30), used as raw material for a pharmaceutical intermediate, is subject to an NTR duty rate of 5.5% ad valorem.

### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 1-fluoro-2-nitrobenzene (CAS No. 001493 27 2) (provided for in subheading 2904.90.30), used as raw material for a pharmaceutical intermediate, as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

## **Sec. 1117. PHBA (S. 2173)**

### Present law

P-hydroxybenzoic acid (PHBA) (CAS No. 99 96 7) (as provided for in subheading 2918.29.22), used to produce liquified crystal polymer (LCP), is subject to an NTR duty rate of 6.5% ad valorem.

### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for p-hydroxybenzoic acid (PHBA) (CAS No. 99 96 7) (provided for in subheading 2918.29.22), used to produce liquified crystal polymer (LCP), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1118. (THQ) TOLUHYDROQUINONE (S. 2174)**

**Present law**

(THQ) Toluhydroquinone (CAS No. 95 71 6) (as provided for in subheading 2907.29.90), is subject to an NTR duty rate of 5.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for toluhydroquinone (THQ) purchased for resale (CAS No. 95 71 6) (provided for in subheading 2907.29.90) as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1119. 2,4-DICUMYLPHENOL**

**Present law**

2,4-Dicumylphenol (CAS No. 2772 45 4) (as provided for in subheading 2907.19.20 or 2907.19.80) is subject to an NTR duty rate of 5.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 2,4-Dicumylphenol (CAS No. 2772 45 4) (provided for in subheading 2907.19.20 or 2907.19.80) as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1120. CERTAIN CATHODE-RAY TUBES**

**Present law**

Certain cathode-ray data/graphic display tubes, color, with a less than 90 degree deflection (provided for in subheading 8540.60.00) are subject to an NTR duty rate of 3% ad valorem. These cathode-ray tubes are used in radio and radar monitoring units in the cockpits of aircraft.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for certain cathode-ray data/graphic display tubes, color, with a less than 90 degree deflection (provided for in subheading 8540.60.00) as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1121. OTHER CATHODE-RAY TUBES**

**Present law**

Cathode-ray data/graphic tubes, color, with a phosphor dot screen pitch smaller than 0.4 mm, and with a less than 90 degree deflection (provided for in subheading 8540.40.00) are subject to an NTR duty rate of 3% ad valorem. These cathode-ray tubes are used in aircraft cockpits to monitor the flight variables of the aircraft.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for Cathode-ray data/graphic display tubes, color, with a phosphor dot screen pitch smaller than 0.4 mm, and with a less than 90 degree deflection on cathode (provided for in subheading 8540.40.00), to reduce the duty from 3.0% to 1.0% until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.



## **Sec. 1122. CERTAIN RAW COTTON**

### **Present law**

Imported cotton fiber of lengths less than 1 and 1/8ths inches is currently duty free. Certain categories of raw cotton imported into the United States are subject to a tariff. These tariffs were established based on varying staple lengths of cotton.

### **Explanation of provision**

This provision would amend chapter 52 of the HTSUS to provide duty-free treatment to certain raw cotton in specified lengths. The threshold for imposing tariffs on cotton tariffs would be increased from 1 and 1/8ths inches to 1 and 1/4th inches over a period of three years.

### **Reason for change**

The current threshold for cotton tariffs was set in 1930 when the bulk of cotton fiber traded was shorter than 1 and 1/8ths inches in length. Over time, staple lengths have tended to increase, moving the majority of cotton that would be imported into the U.S. from a category without a tariff into a category with a tariff. In addition, importers are not always certain of the staple length of the cotton they are importing. It may be slightly longer than advertised, subjecting the importer to unanticipated tariffs. As a result of these concerns, the Committee intends to increase the tariff threshold length to 1 and 1/4ths inches in recognition of the prevalence of longer fibers in today's cotton trade.

## **Sec. 1123. CERTAIN RHINOVIRUS DRUG (S. 2131)**

### **Present law**

Certain Rhinovirus drugs, trans-(2R, 3S,4S,5S)-(4-{2-(4-Fluorobenzyl)-6- methyl-5-[(5-methylisoxazole-3-carbonyl)amino]-4-oxoheptanoylamino}-5-(2-oxopyrrolidin-3 -yl)pent-2-enoic acid ethyl ester (CAS No. 223537 30 2) (provided for in subheading 2934.90.39), are subject to an NTR duty rate of 12.1% ad valorem.

### **Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for certain Rhinovirus drugs, trans-(2R, 3S,4S,5S) -(4-{2-(4-Fluorobenzyl)-6- methyl-5-[(5-methylisoxazole-3-carbonyl) amino]-4-oxoheptanoylamino}-5-(2-oxopyrrolidin-3-yl) pent-2-enoic acid ethyl ester (CAS No. 223537 30 2) (provided for in subheading 2934.90.39), as duty free until December 31, 2003.

### **Reason for change**

This provision would enable U.S. chemical and pharmaceutical manufacturers to reduce costs,

making these industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1124. BUTRALIN**

**Present law**

Butralin, N-sec-butyl-4-tert-butyl-2,6-dinitroaniline (CAS No. 33629 47 9) (as provided for in subheading 2921.42.90 or 3808.31.15) and any mixtures containing the foregoing are subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for butralin, N-sec-butyl-4-tert-butyl-2,6-dinitroaniline (CAS No. 33629 47 9)(provided for in subheading 2921.42.90 or 3808.31.15) and any mixtures containing the foregoing, as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1125. BRANCHED DODECYLBENZENE**

**Present law**

Chemical branched dodecylbenzene (CAS No. 123 01 3) (provided for in subheading 2902.90.30) is subject to an NTR duty rate of 12.8% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for branched dodecylbenzene (CAS No. 123 01 3) (provided for in subheading 2902.90.30), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1126. CERTAIN FLUORINATED COMPOUND**

**Present law**

A Certain fluorinated compound, Methanone, (4-fluorophenyl) [3-[(4-fluorophenyl) ethynyl]phenyl] (provided for in subheading 2914.70.40) is subject to an NTR duty rate of 8.2% ad valorem.

#### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for a certain fluorinated compound, Methanone, (4-fluorophenyl) [3-[(4-fluorophenyl) ethynyl]phenyl] (provided for in subheading 2914.70.40), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1127. CERTAIN LIGHT ABSORBING PHOTO DYE**

#### Present law

Benzenesulfonic acid, 4-chloro-3-[4-[[4-(dimethylamino)phenyl]methylene-4,5-dihydro-3-methyl-5-oxo-1H-pyrazol-1-yl], compound with Pyridine 1:1 (as provided for in subheading 2934.90.90), used as light absorbing photo dye, is subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for benzenesulfonic acid, 4-chloro-3-[4-[[4-(dimethylamino)phenyl]methylene-4,5-dihydro-3-methyl-5-oxo-1H-pyrazol-1-yl], compound with Pyridine 1:1 (provided for in subheading 2934.90.90), used as light absorbing photo dye, as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers of photographic dyes to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1128. FILTER BLUE GREEN PHOTO DYE**

#### Present law

Iron chloro 5,6-diamino-1,3-naphthalene disulfonate complexes (CAS No. 85187 44 6) (as

provided for in subheading 2942.00.10), used as filter blue green photo dye, is subject to an NTR duty rate of 10% ad valorem.

#### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for iron chloro5,6-diamino-1,3-naphthalene disulfonate complexes (CAS No. 85187 44 6), (provided for in subheading 2942.00.10), used as filter blue green photo dye, as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers of photographic dyes to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1129. CERTAIN LIGHT ABSORBING PHOTO DYES**

#### Present law

Certain Benzenesulfonic acids (CAS No. 134863 74 4) (as provided for in subheading 2933.19.30), used as light absorbing photo dyes, are subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for Benzenesulfonic acids (CAS No. 134863 74 4, 109940-17-2, 9000466-12-9, 94266-02-1, 27268-31-1, 134863-74-4) (provided for in subheading 2933.19.30), used as light absorbing photo dyes, as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers of photographic dyes to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1130. 4,4-DIFLUOROBENZOPHENONE**

#### Present law

4,4-Difluorobenzophenone (methanone, bis(4-fluorophenyl)) (CAS No.345 92 6) (as provided for in subheading 2914.70.40), is subject to an NTR duty rate of 4% ad valorem.

#### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 4,4-Difluorobenzophenone (methanone, bis(4-fluorophenyl)) (CAS No. 345 92 6) (provided for in subheading 2914.70.40), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1131. FLOUORINATED COMPOUND**

Present law

Methanone, (4-fluorophenyl)phenyl (CAS No. 345 83 5) (as provided for in subheading 2914.70.40), is subject to an NTR duty rate of 4% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for methanone, (4-fluorophenyl)phenyl (CAS No. 345 83 5) (provided for in subheading 2914.70.40), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1132. DITMP**

Present law

Di-trimethylolpropane(as provided for in subheading 2909.49.60), is subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for di-trimethylolpropane (DiTMP) (provided for in subheading 2909.49.60), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1133. HPA**

**Present law**

Hydroxypivalic acid (HPA) (as provided for in subheading 2918.19.90), is subject to an NTR duty rate of 4% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for hydroxypivalic acid (provided for in subheading 2918.19.90), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1134. APE**

**Present law**

Allyl pentaerythritol (APE) (as provided for in subheading 2909.49.60), is subject to an NTR duty rate of 8.9% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for allyl pentaerythritol (provided for in subheading 2909.49.60), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1135. TMPDE**

**Present law**

Trimethylolpropane diallylether (TMPDE) (as provided for in subheading 2909.49.60), is subject to an NTR duty rate of 8.9% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for trimethylolpropane diallylether (provided for in subheading 2909.49.60), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1136. TMPME**

**Present law**

Trimethylolpropane monoallyl ether (TMPME) (provided for in subheading 2909.49.60) is subject to an NTR duty rate of 8.9% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for trimethylolpropane monoallyl ether (provided for in subheading 2909.49.60), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1137. TUNGSTEN CONCENTRATES**

**Present law**

Tungsten concentrates (provided for in subheading 2611.00.60) are subject to an NTR duty rate of 7.16% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for tungsten concentrates (provided for in subheading 2611.00.60), as duty free December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1138. 2 CHLORO AMINO TOLUENE**

Present law

2 Chloro Amino Toluene (CAS No. 95 74 9) (provided for in subheading 2921.43.80) is subject to an NTR duty rate of 14.5% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 2 Chloro Amino Toluene (CAS No. 95 74 9) (provided for in subheading 2921.43.80), as duty free until December 31, 2004.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1139. CERTAIN ION-EXCHANGE RESINS (S. 2488, S.2489, 2490)**

Present law

Certain ion-exchange resins, comprising of a copolymer of 2-propenenitrile (CAS No. 130353 60 5, 109961-42-4, 135832-76-7) (provided for in subheading 3914.00.60) is subject to an NTR duty rate of 3.9% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for a certain ion-exchange resin, comprising of a copolymer of 2-propenenitrile (CAS No. 130353 60 5, 109961-42-4, 135832-76-7) (provided for in subheading 3914.00.60), as duty free until December 31, 2003.

Reason for change



This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1140. 11-AMINOUNDECANOIC ACID (S. 2138)**

**Present law**

11-aminoundecanoic acid (as provided for in subheading 2922.49.40), is subject to NTR duty rates of 4.2% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 11-aminoundecanoic acid (provided for in subheading 2922.49.40), with duty reduction to 1.6% until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1141. DIMETHOXY BUTANONE (DMB)**

**Present law**

Dimethoxy butanone (DMB), 4,4-dimethoxy-2-butanone (acetoacetaldehyde dimethyl acetal) (CAS No. 5436 21 5) (as provided for in subheading 2914.50.50), is subject to an NTR duty rate of 4% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for dimethoxy butanone (DMB), 4,4-dimethoxy-2-butanone (acetoacetaldehyde dimethyl acetal) (CAS No. 5436 21 5) (provided for in subheading 2914.50.50), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1142. DICHLORO ANILINE (DCA)**

Present law

2,6-dichloro aniline (2,6-dichlorobenzamine) (DCA) (CAS No. 608 31 1) (provided for in subheading 2921.42.90) is subject to an NTR duty rate of 11.5% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 2,6-dichloro aniline (2,6-dichlorobenzamine) (DCA) (CAS No. 608 31 1) (provided for in subheading 2921.42.90), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1143. DIPHENYL SULFIDE**

Present law

Diphenyl sulfide (CAS No. 139 66 2) (as provided for in subheading 2930.90.29), is subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for diphenyl sulfide (CAS No. 139 66 2) (provided for in subheading 2930.90.29), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1144. TRIFLURALIN**

Present law

Trifluralin, 2,6-dinitro-N, N-dipropyl-4-(trifluoromethyl)benzenamine; alpha, alpha, alpha,-trifluoro-2-6-dinitro-p-toluidine (CAS No. 1582 09 8) (provided for in subheading 2921.43.15) is subject to an NTR duty rate of 6.7% ad valorem.

### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for trifluralin, 2,6-dinitro-N, N-dipropyl 4-(trifloromethyl) benzenamine; alpha, alpha, alpha,-trifloro-2-6-dinitro-p-toluidine (CAS No. 1582 09 8) (provided for in subheading 2921.43.15), with a duty reduction to 5% until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

## **Sec. 1145. DIETHYL IMIDAZOLIDINONE (DMI)**

### Present law

Diethyl imidazolidinnone, 1,3-diethyl-2-imidazolidinnone (N, N-dimethylethylene urea) (DMI) (CAS No. 80 73 9) (as provided for in subheading 2933.29.90), is subject to an NTR duty rate of 6.5% ad valorem.

### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for diethyl imidazolidinnone, 1,3-diethyl-2-imidazolidinnone (N, N-dimethylethylene urea) (DMI) (CAS No. 80 73 9) (provided for in subheading 2933.29.90), as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

## **Sec. 1146. ETHALFLURALIN**

### Present law

Ethalfluralin, N-ethyl-N-(2methyl-2-propenyl)-2, 6-dinitro-4-(trifloromethyl) benzenamine (CAS No. 55283 68 6) (as provided for in subheading 2921.43.80), is subject to an NTR duty rate of 12.6% ad valorem.

### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for ethalfuralin, N-ethyl-N-(2methyl-2-propenyl)-2, 6-dinitro-4-(trifloromethyl)benzenamine (CAS No. 55283 68 6) (provided for in subheading 2921.43.80), with a duty reduction to 7.9% until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1147. BENFLURALIN**

**Present law**

Benfluralin, N-butyl-N-ethyl-2,6-dinitro-4-(trifluoromethyl)benzenamine; N-butyl-N-ethyl-alpha, alpha, alpha-trifluoro-2-6-dinitro-p-toluidine (CAS No. 1861 40 1) (as provided for in subheading 2921.43.80), is subject to an NTR duty rate of 12.6% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for benfluralin, N-butyl-N-ethyl-2,6-dinitro-4-(trifluoromethyl) benzenamine; N-butyl-N-ethyl-alpha, alpha, alpha-trifluoro-2-6-dinitro-p-toluidine (CAS No. 1861 40 1) (provided for in subheading 2921.43.80), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1148. 3-AMINO-5-MERCAPTO-1,2,4-TRIAZOLE (AMT)**

**Present law**

3-amino-5-mercapto-1,2,4-triazole (AMT) (CAS No. 16691 43 3) (provided for in subheading 2933.90.97) is subject to NTR duty rates of 6.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 3-amino-5-mercapto-1,2,4-triazole (AMT) (CAS No. 16691 43 3) (provided for in subheading 2933.90.97), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1149. DIETHYL PHOSPHOROCHORIDOTHIAE (DEPCT)**

Present law

Diethyl phosphorochorido-thiate, O,O-dethyl phosphorochoridothiate (DEPCT) (CAS No. 2524-04-1) (as provided for in subheading 2920.10.50), is subject to NTR duty rates of 3.7% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for diethyl phosphorochoridothiate, O,O-dethyl phosphorochoridothiate (DEPCT) (CAS No. 2524-04-1) (provided for in subheading 2920.10.50), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1150. REFINED QUINOLINE**

Present law

Chemical refined quinoline (CAS No. 91 22 5) (provided for in subheading 2933.40.70) is subject to an NTR duty rate of 10.6% ad valorem.

Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for refined quinoline (CAS No. 91 22 5) (provided for in subheading 2933.40.70), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1151. DMDS**

**Present law**

2,2 -dithiobis(8-fluoro-5-methoxy)[1,2,4] triazolo[1,5-c] pyrimidine (DMDS) (CAS No. 166524 74 9) (as provided for in subheading 2933.59.80), is subject to an NTR duty rate of 10.4% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 2,2 -dithiobis(8-fluoro-5-methoxy)[1,2,4] triazolo[1,5-c] pyrimidine (DMDS) (CAS No. 166524 74 9) (provided for in subheading 2933.59.80), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1152. VISION INSPECTION SYSTEMS**

**Present law**

Vision inspection systems of a kind used for physical inspection of automatic capacitors (as provided for in subheading 9031.49.90, 9031.80.80), are subject to NTR duty rates of 3.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for vision inspection systems of a kind used for physical inspection of automatic capacitors (provided for in subheading 9031.49.9000, 9031.80.8085), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1153. ANODE PRESSES**

**Present law**

Anode presses used for pressing tantalum powder into anodes (provided for in subheading 8462.99.80) are subject to an NTR duty rate of 2.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for anode presses used for pressing tantalum powder into anodes (provided for in subheading 8462.99.80), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1154. TRIM AND FORM MACHINES**

**Present law**

Trim and form used for forming capacitor leads (as provided for in subheading 8463.30.00, 8462.21.80, 8462.29.80) is subject to an NTR duty rate of 4.4% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for trim and form used for forming capacitor leads (provided for in subheading 8463.30.00, 8462.21.80, 8462.29.80), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1155. CERTAIN ASSEMBLY MACHINES**

**Present law**

Assembly machines used for assembling processed anodes to lead frames (as provided for in subheading 8479.89.97) are subject to an NTR duty rate of 2.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for assembly machines used for assembling processed anodes to lead frames (provided for in subheading 8479.89.97), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1156. THIONYL CHLORIDE (S. 2172)**

Present law

Thionyl chloride (CAS No. 007719 09 7) (provided for in subheading 2812.10.50) is subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States (HTSUS) by inserting a new heading for thionyl chloride (CAS No. 007719 09 7) (provided for in subheading 2812.10.50), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1157. PHENYLMETHYL HYDRAZINECARBOXYLATE**

Present law

Phenylmethyl hydrazinecarboxylate (CAS No. 5331 43 1) (provided for in subheading 2928.00.25) is subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for phenylmethyl hydrazinecarboxylate (CAS No. 5331 43 1) (provided for in subheading 2928.00.25), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs of manufacturing the insecticide in the United States, making the final product more affordable to U.S. farmers without jeopardizing any domestic manufacturer.

**Sec. 1158. TRALKOXYDIM FORMULATED**



#### Present law

2-[1-(ethoxyimino)-propyl]-3-hydroxy-5-(2,4,6-trimethyl-phenyl)-2-cyclohexen-1-one (Tralkoxydim) (CAS No. 87820 88 0) (provided for in subheading 2925.20.60) and Mixtures of 2-[1-(ethoxyimino)-propyl]-3-hydroxy-5-(2,4,6-trimethyl-phenyl)-2-cyclohexen-1-one (Tralkoxydim) (CAS No. 87820 88 0) and application adjuvants (provided for in subheading 3808.30.15) is subject to an NTR duty rate of 6.5 - 8.6% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting the new headings 2-[1-(ethoxyimino)-propyl]-3-hydroxy-5-(2,4,6-trimethyl-phenyl)-2-cyclohexen-1-one (Tralkoxydim) (CAS No. 8782088 0) (provided for in subheading 2925.20.60) and 9902.29.62, Mixtures of 2-[1-(ethoxyimino)-propyl]-3-hydroxy-5-(2,4,6-trimethyl-phenyl)-2-cyclohexen-1-one (Tralkoxydim) (CAS No. 87820 88 0) and application adjuvants (provided for in subheading 3808.30.15), at a reduced rate duty until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1159. KNOO2**

#### Present law

1-piperidinecarboxylic acid, 2-[(2,4-dichloro-5-hydroxyphenyl)hydrazono]-, methyl ester (KNOO2) (CAS No. 159393 46 1) (provided for in subheading 2933.39.61) is subject to NTR duty rates of 6.5 - 8.6% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 1-piperidinecarboxylic acid, 2-[(2,4-dichloro-5-hydroxyphenyl)hydrazono]-, methyl ester (KNOO2) (CAS No. 159393 46 1) (provided for in subheading 2933.39.61), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs of manufacturing the herbicide in the United States, making the final product more affordable to U.S. farmers without jeopardizing any domestic manufacturer.

**Sec. 1160. KL08 4**

**Present law**

2-imino-1-methoxycarbonyl-piperidine hydrochloride (KL084) (CAS No.159393 48 3) (provided for in subheading 2933.39.61) is subject to an NTR duty rate of 9.3% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States by inserting a new heading for 2-imino-1-methoxycarbonyl-piperidine hydrochloride (KL08 4) (CAS No. 159393 48 3) (provided for in subheading 2933.39.61), with a duty reduction to 5.4% ad valorem for 2000, to 4.7% for 2001, to 4.0% for 2002, and to 3.3% for 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs of manufacturing the herbicide in the United States, making the final product more affordable to U.S. farmers without jeopardizing any domestic manufacturer.

**Sec. 1161. IN-N5297**

**Present law**

2-(Methoxycarbonyl) Benzylsulfonamide (IN N5297) (CAS No. 59777 72 9) (provided for in subheading 2935.00.75) is subject to NTR duty rates of 6.5 - 8.6% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 2-(Methoxycarbonyl) Benzylsulfonamide (IN N5297) (CAS No. 59777 72 9) (provided for in subheading 2935.00.75), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs of manufacturing the herbicide in the United States, making the final product more affordable to US farmers without jeopardizing any domestic manufacturer.

**Sec. 1162. AZOXYSTROBIN FORMULATED**

**Present law**

Methyl(E)-(2-[6-(2-cyanophoxy)pyrimidin-4-yloxy]pkenyl)-3-methoxyacrylate (azoxystrobin formulated) (CAS No. 131860 33 8) (provided for in subheading 3808.20.15) is subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for methyl(E)-2(2-[6-(2-cyanophoxy)pyrimidin-4-yloxy]pkenyl)-3-methoxyacrylate (azoxystrobin formulated "Heritage," "Abound," and "Quadris") (CAS No. 13860 33 8) (provided for in subheading 3808.20.15), with a temporary duty reduction to 5.7% ad valorem until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1163. FUNGAFLOR 500 EC**

#### Present law

Fungaflor 500 EC, in preparation form, as a fungicidal preparation containing the active ingredient (CAS No. 35554 44 0) (provided for in subheading 3808.20.15) is subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Fungaflor 500 EC, in preparation form, (CAS No. 35554 44 0) (provided for in subheading 3808.20.15), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1164. NORBLOC 7966**

#### Present law

NORBLOC 7966, in bulk active form as a benzotriazole stabilizer (CAS No. 96478 09 0 and 73790 28 0) (provided for in subheading 2933.90.79), is subject to NTR duty rates of 6.5 - 8.6%

ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for NORBLOC 7966, in bulk active form as a benzotriazole stabilizer (CAS No. 96478 09 0 and 73790 28 0) (provided for in subheading 2933.90.79), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1165.    **IMAZALIL****

#### Present law

Imazalil, as the active ingredient in fungicides for citrus fruit (CAS No. 35554 44 0) (provided for in subheading 2933.29.35), is subject to NTR duty rates of 6.5% - 8.6% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Imazalil, as the active ingredient in fungicides for citrus fruit (CAS No. 355540 44 0) (provided for in subheading 2933.29.35), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1166.    **1,5-DICHLOROANTHRAQUINONE****

#### Present law

1,5-Dichloroanthraquinone (CAS No. 82 46 2) (as provided for in subheading 2914.70.40) is subject to NTR duty rates of 5.5 - 7.2% ad valorem.

#### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for 1,5-Dichloroanthraquinone (CAS No. 82 46 2) (as provided for in subheading 2914.70.40)

as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1167. ULTRAVIOLET DYE**

**Present law**

9-Anthracene-carboxylic acid, (triethoxysilyl) methyl ester (a certain ultraviolet dye) (provided for in subheading 2931.00.30) is subject to an NTR duty rate of between 6.5% - 8.6% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 9-Anthracene-carboxylic acid, (triethoxysilyl) methyl ester (a certain ultraviolet dye) (provided for in subheading 2931.00.30), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1168. VINCLOZOLIN**

**Present law**

3-(3,5-dichlorophenyl)-5-ethenyl-5-methyl-2,4-oxazolinedione (Vinclozolin) (CAS No. 50471 44 8) (provided for in subheading 2934.90.12) is subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 3-(3,5-dichlorophenyl)-5-ethenyl-5-methyl-2,4-oxazolinedione (Vinclozolin) (CAS No. 50471 44 8) (provided for in subheading 2934.90.12), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1169. TEPRALOXYDIM**

**Present law**

(E)-2-[1-[[[(3-chloro-2-propenyl) oxy] imino] propyl]-3-hydroxy-5 (tetrahydro-2H-pyran-4-yl)-2-cyclohexen-1- one (Tepraloxydim) (CAS No.149979 41 9) (provided for in subheading 3808.30.50) is subject to an NTR duty rate of 5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for (E)-2-[1-[[[(3-chloro-2-propenyl) oxy] imino] propyl]-3-hydroxy-5(tetrahydro-2H-pyran-4-yl)-2-cyclohexen-1- one (Tepraloxydim) (CAS No. 149979 41 9) (provided for in subheading 3808.30.50), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1170. PYRIDABEN**

**Present law**

Pyridaben (CAS No. 96489 71 3) (provided for in subheading 2933.90.22) is subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 4-Chloro-2(1,1-dimethylethyl)-5(((4-(1,1-dimethylethyl)phenyl)-methyl)thio)-3-(2H)-pyridazinone (CAS No. 96489 71 3) (provided for in subheading 2933.90.22), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1171. 2-ACETYLNICOTINIC ACID**

**Present law**

2-Acetylnicotinic acid (CAS No. 89942 59 6) (provided for in subheading 2933.39.61) is subject to NTR duty rates of 6.5% - 8.6% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 2-Acetylnicotinic acid (CAS No. 89942 59 6) (provided for in subheading 2933.39.61), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1172. SAME**

**Present law**

S-adenosylmethionine 1,4-butanedisulfonate (SAME) (CAS No. 101020-79-5) (provided for in subheading 2106.90.99) is subject to an NTR duty rate of 6.4% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for S-adenosylmethionine 1,4-butanedisulfonate (SAME) (CAS No. 101020-79-5) (provided for in subheading 2106.90.99), with a duty reduction to 5.5%.

**Reason for changes**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1173. PROCION CRIMSON H-EXL**

**Present law**

1,5-Naphthalenedisulfonic acid, 2-((8-((4-chloro-6-((3-((4-chloro-6-((7-((1,5-disulfo-2-naphthalenyl)azo)-8-hydroxy-3,6-disulfo-1-naphthlenyl)amino)

-1,3,5-triazin-2-yl)amino)methyl phenyl)amino)-1,3,5-triazin-2-yl)amino)-1-hydroxy-3,6-disulfo-2-naphthalenyl)azo)-, octa- (Procion Crimson H EXL) (CAS No. 186554 26 7) (provided for in subheading 3204.16.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 1,5-Naphthalenedisulfonic acid, 2-((8-((4-chloro-6-((3-(((4-chloro-6-((7-((1,5-disulfo-2-naphthalenyl)azo)-8-hydroxy-3,6-disulfo-1-naphthalenyl)amino)-1,3,5-triazin-2-yl)amino)methyl phenyl)amino)-1,3,5-triazin-2-yl)amino)-1-hydroxy-3,6-disulfo-2-naphthalenyl) azo)-, octa- (Procion Crimson H EXL) (CAS No. 186554 26 7) (provided for in subheading 3204.16.30), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### Sec. 1174. **DISPERSOL CRIMSON SF GRAINS**

#### Present law

A mixture of Benzo (1,2-b:4,5-b)difuran-2,6-dione,3-phenyl-7-(4-propoxyphenyl)-, (CAS No. 79694 17 0); acetic acid(4-2,6-dihydro-2,6-dioxo-7-phenylbenzo(1,2-b:4,5-b)difuran-3-yl)-phenoxy) -2-ethoxyethyl) ester (CAS No. 126877 05 2); and acetic acid (4-(2,6-dihydro-2, 6-dioxo-7-(4-propoxphenyl)benzo (1,2-b:4,5-b)difuran-3-yl) phenoxy)-phenoxy)-, 2-ethoxyethyl ester (CAS No. 126877 06 3) (provided for in subheading 3204.11.35) is subject to NTR duty rates of 6.2 9% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Dispersol Crimson SF Grains, a mixture of Benzo (1,2-b:4,5-b)difuran-2,6-dione,3-phenyl-7- (4-propoxyphenyl)-, (CAS No.79694 17 0); acetic acid (4-2,6-dihydro-2,6-dioxo-7-phenylbenzo(1,2-b:4,5-b)difuran-3-yl) -phenoxy)-2-ethoxyethyl) ester (CAS No.126877 05 2); and acetic acid (2,6-dihydro-2,6-dioxo-7-(4-propoxphenyl)benzo (1,2-b:4,5-b)difuran-3-yl)phenoxy)-phenoxy)-, 2-ethoxyethyl ester (CAS No. 126877 06 3) (provided for in subheading 3204.11.35), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals



and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1175. PROCION NAVY H-EXL**

Present law

Procion Navy H-EXL 9902.32.09, a mixture of 2,7-Naphthalenedisulfonic acid, 4-amino-3,6-bis[[5-[[4-chloro-6-[(2-methyl-4-sulfophenyl)amino]-1,3,5-triazin-2-yl]amino]-2-sulfophenyl]azo]-5-hydroxy-, hexasodium salt (CAS No. 186554 27 8); and 1,5-Naphthalenedisulfonic acid, 2-((8-((4-chloro-6-((3-(((4-chloro-6-((7-((1,5-disulfo-2-naphthalenyl)azo)-8-hydroxy-3,6-disulfo-1-naphthlenyl)amino)-1,3,5-triazin-2-yl)amino)methyl)phenyl)amino)-1,3,5-triazin-2-yl)amino)-1-hydroxy-3,6-disulfo-2-naphthalenyl)azo)-, octa- (CAS No. 186554 26 7) (provided for in subheading 3204.16.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Procion Navy H EXL, a mixture of 2,7-Naphthalenedisulfonic acid, 4-amino-3,6-bis[[5-[[4-chloro-6-[(2-methyl-4-sulfophenyl)amino]-1,3,5-triazin-2-yl]amino]-2-sulfophenyl]azo]-5-hydroxy-, hexasodium salt (CAS No. 186554 27 8); and 1,5-Naphthalenedisulfonic acid, 2-((8-((4-chloro-6-((3-(((4-chloro-6-((7-((1,5-disulfo-2-naphthalenyl)azo)-8-hydroxy-3,6-disulfo-1-naphthlenyl)amino)-1,3,5-triazin-2-yl)amino)methyl)phenyl)amino)-1,3,5-triazin-2-yl)amino)-1-hydroxy-3,6-disulfo-2-naphthalenyl)azo)-, octa- (CAS No. 186554 26 7) (provided for in subheading 3204.16.30), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1176. PROCION YELLOW H-EXL**

Present law

Reactive Yellow 138:1 mixed with non-color dispersing agent, anti-dusting agent and water (CAS No. 72906 25 3) (provided for in subheading 3204.16.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new

heading for Reactive Yellow 138:1 mixed with non-color dispersing agent, anti-dusting agent and water (CAS No. 72906 25 3) (provided for in subheading 3204.16.30), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1177. 2-PHENYLPHENOL**

**Present law**

2-phenylphenol (CAS No. 90 43 7) (provided for in subheading 2907.19.80) is subject to an NTR duty rate of 5.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 2-Phenylphenol (CAS No. 90 43 7) (provided for in subheading 2907.19.80), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1178. 2-METHOXY-1-PROPENE**

**Present law**

2-Methoxy-1-Propene (2-Methoxypropene) (CAS No. 116 11 0) (provided for in subheading 2909.19.18) is subject to an NTR duty rate of 5.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 2-Methoxy-1-Propene (CAS No. 116 11 0) (provided for in subheading 2909.19.18), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic

manufacturer.

**Sec. 1179. 3,5-DIFLUROANILINE**

**Present law**

3,5-Difluoroaniline (CAS No. 372 39 4) (provided for in subheading 2921.42.65) is currently subject to NTR duty rates of 6.5% - 7.9% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 3,5-Difluoroaniline (CAS No. 372 39 4) (provided for in subheading 2921.42.65), with staged temporary duty reductions to ad valorem rate of 7.4% for calendar years 2000 and 2001, 6.7% for calendar year 2002, and 6.3% for calendar year 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1180. QUINCLORAC**

**Present law**

3,7-dichloro-8-quinoline carboxylic acid (Quinclorac) (CAS No. 84087 01 4) (provided for in subheading 2933.40.30) is currently subject to NTR duty rates of 6.5% - 7.9% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 3,7-dichloro-8-quinoline carboxylic acid (Quinclorac) (CAS No. 84087 014) (provided for in subheading 2933.40.30), with staged temporary duty reductions to ad valorem rate of 6.8% for calendar years 2000 and 2001, 5.9% for calendar year 2002, and 5.4% for calendar year 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1181. DISPERSOL BLACK XF GRAINS**

#### Present law

Mixture of Disperse blue 284, Disperse brown 19 and Disperse red 311 with non-color dispersing agent (provided for in subheading 3204.11.35) is subject to NTR duty rates of 6.5% - 9% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting the new subheading for Dispersol Black XF Grains, mixture of Disperse blue 284, Disperse brown 19 and Disperse red 311 with non-color dispersing agent (provided for in subheading 3204.11.35) as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1182. FLUROXYPYR, 1-METHYLHEPTYL ESTER (FME)**

#### Present law

Fluroxypyr 1-methylheptyl ester (1-methylheptyl ((4 amino-3,5-dichloro-6-fluoro-2-pyridinyl)oxy)acetate) (CAS No.81406 37 3) (provided for in subheading 2933.39.25) is subject to NTR duty rates of 6.5% - 8.6% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for fluroxypyr 1-methylheptyl ester (1-methylheptyl ((4 amino-3,5-dichloro-6-fluoro-2-pyridinyl)oxy)acetate) (CAS No. 81406 37 3) (provided for in subheading 2933.39.25), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1183. SOLSPERSE 17260**

#### Present law

12-Hydroxyoctadecanoic acid, reaction product with N,N-dimethyl-1,3-propanediamine, dimethyl sulfate, quaternized, 60% solution in toluene (CAS No. 70879 66 2) (provided for in subheading 3824.90.28) is subject to NTR duty rates of 6.5% and 8.6% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 12-Hydroxyoctadecanoic acid, reaction product with N,N-dimethyl-1,3-propanediamine, dimethyl sulfate, quaternized, 60% solution in toluene (CAS No. 70879 66 2) (provided for in subheading 3824.90.28), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### Sec. 1184. SOLSPERSE 17000

#### Present law

12-Hydroxyoctadecanoic acid, reaction product with N,N-dimethyl-1,3-propanediamine, dimethyl sulfate, quaternized (CAS No. 70879 66 2) (provided for in subheading 3824.90.40) is subject to an NTR duty rate of 4.6% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 12-Hydroxyoctadecanoic acid, reaction product with N,N-dimethyl-1,3-propanediamine, dimethyl sulfate, quaternized (CAS No. 70879 66 2) (provided for in subheading 3824.90.40), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### Sec. 1185. SOLSPERSE 5000

#### Present law

11-Octadecanaminium, N,N- dimethyl-N-octadecyl-,(SP-4-2)- [29H,31H-phthalocyanine-2-sulfonate (3-). kappa.N29,.kappa.N30,.kappa.N31,.kappa.N32]cuprate(1-) (solspere 5000) (CAS No. 70750 63 9) (provided for in subheading 3824.90.28) is subject to

NTR duty rates of 6.5% - 8.6% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 1-Octadecanaminium, N,N- dimethyl-N-octadecyl-, (SP-4-2)-[29H,31H-phthalocyanine-2-sulfonate (3-).kappa.N29, .kappa.N30,.kappa.N31, .kappa.N32]cuprate(1-) (solsperse 5000)(CAS No. 70750 63 9) (provided for in subheading 3824.90.28), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1186. CERTAIN TAED CHEMICALS (S. 2374)**

**Present law**

Tetraacetythylenediamine (certain TAED chemicals) (CAS No. 10543 574) (provided for in subheading 2924.10.10) is subject to an NTR duty rate of 3.7% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for tetraacetythylenediamine (certain TAED chemicals) (CAS No. 10543 57 4) (provided for in subheading 2924.10.10), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1187. ISOBORNYL ACETATE (S. 2376)**

**Present law**

Isobornyl acetate (CAS No. 125 12 2) (provided for in subheading 2915.39.45) is subject to an NTR duty rate of 4.8% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by a new heading for Isobornyl acetate (CAS No. 125 12 2) (provided for in subheading 2915.39.45), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1188. SOLVENT BLUE 124 (S. 2133)**

Present law

Solvent Blue 124 (CAS No. 29243 26 3) (provided for in subheading 3204.19.20) is subject to NTR duty rates of between 6.5% and 9.0% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Solvent Blue 124 (CAS No. 29243 26 3) (provided for in subheading 3204.19.20), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers to reduce costs, making these companies and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1189. SOLVENT BLUE 104 (S. 2134)**

Present law

Solvent Blue 104 (CAS No. 116 75 6) (provided for in subheading 3204.19.20) is subject to NTR duty rates of between 6.5% and 9.0% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Solvent blue 104 (CAS No. 116 75 6) (provided for in subheading 3204.19.20), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers to reduce costs, making these companies and

downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1190. PRO-JET MAGENTA 364 STAGE**

Present law

5-[4-(4,5-dimethyl-2-sulfo-phenylamino) -6-hydroxy-[1,3,5]-triazin-2-ylamino] -4-hydroxy-3-(1-sulfo-naphthalen-2-ylazo) -naphthalene-2,7-disulphonic acid, sodium/ammonium salt (Pro-Jet Magenta 364 Stage) (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by a new heading for 5-[4-(4,5-dimethyl-2-sulfo-phenylamino) -6-hydroxy-[1,3,5]-triazin-2-ylamino]-4-hydroxy-3-(1-sulfo-naphthalen-2-ylazo) -naphthalene-2,7-disulphonic acid, sodium/ammonium salt (Pro-Jet Magenta 364 Stage) (provided for in subheading 3204.14.30), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers to reduce costs, making these companies and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1191. 4-AMINO-2,5-DIMETHOXY-N-PHENYLBENZEN SULFONAMIDE (S.2136)**

Present law

Benzensulfonamide,4-amino-2,5-dimethoxy-N-phenylbenzene sulfonamide(CAS No. 52298 44 9) (provided for in subheading 2935.00.10) is subject to an NTR duty rate of 6.5% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Benzensulfonamide,4-amino-2,5-dimethoxy-N-phenylbenzene sulfonamide (CAS No. 52298 44 9) (provided for in subheading 2935.00.10), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.



**Sec. 1192. 10-UNDECYLENIC ACID (S.2427)**

**Present law**

10-Undecylenic acid (CAS No. 112 38 9) (provided for in subheading 2916.19.30) is subject to an NTR duty rate of 6.1% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 10-Undecylenic acid (CAS No. 112 38 9) (provided for in subheading 2916.19.30), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1193. 2-METHYL-4-CHLOROPHENOXYACETIC ACID**

**Present law**

2-Methyl-4-chlorophenoxyacetic acid (CAS No. 94 74 6) and its 2-ethylhexyl ester (CAS No. 29450 45 1) (provided for in subheading 2918.90.20) and 2-Methyl-4-chlorophenoxy-acetic acid, dimethyl-amine salt (CAS No. 2039 46 5) (provided for in subheading 2921.19.60) is subject to NTR duty rates of 6.5% - 8.6% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 2-Methyl-4-chlorophenoxyacetic acid (CAS No. 94 74 6) and its 2-ethylhexyl ester (CAS No. 29450 45 1) (provided for in subheading 2918.90.20) and 2-Methyl-4-chlorophenoxy-acetic acid, dimethyl-amine salt (CAS No. 2039 46 5) (provided for in subheading 2921.19.60), with a duty reduction to 2.6% until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1194. IMINODISUCCINATE**

Present law

Mixtures of sodium salts of Iminodisuccinic acid (provided for in subheading 3824.90.90) is subject to an NTR duty rate of 5% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of sodium salts of Iminodisuccinic acid (provided for in subheading 3824.90.90), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1195. IMINODISUCCINATE SALTS AND AQUEOUS SOLUTIONS**

Present law

Mixtures of sodium salts of Iminodisuccinic acid, dissolved in water (provided for in subheading 3824.90.90) are subject to an NTR duty rate of 5% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of sodium salts of Iminodisuccinic acid, dissolved in water (provided for in subheading 3824.90.90), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1196. POLY(VINYL CHLORIDE) (PVC) SELF ADHESIVE STRIPS**

Present law

Poly(vinyl chloride) self-adhesive sheets of a type used to make bandages (provided for in subheading 3919.10.28) are subject to an NTR duty rate of 5.8% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading, Poly(vinyl chloride) self-adhesive sheets of a type used to make bandages (provided for in subheading 3919.10.28), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers to reduce costs, making these companies more competitive without jeopardizing any domestic manufacturer.

**Sec. 1197. 2-BUTYL-2-ETHYLPROPANEDIOL**

**Present law**

2-Butyl-2-ethylpropanediol (CAS No. 115 84 4) (provided for in subheading 2905.39.90) is subject to NTR duty rates of 5.5 7.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 2-Butyl-2-ethylpropanediol (CAS No. 115 84 4) (provided for in subheading 2905.39.90), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1198. CYCLOHEXADEC-8-EN-1-ONE (S. 2207)**

**Present law**

Cyclohexadec-8-en-1-one (CAS No. 3100 36 5) (provided for in subheading 2914.29.50) is subject to an NTR duty rate of 4.8% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Cyclohexadec-8-en-1-one (CAS No. 3100 36 5) (provided for in subheading 2914.29.50), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic

manufacturer.

**Sec. 1199. PAINT ADDITIVE CHEMICAL (S. 2200)**

**Present law**

N-Cyclopropyl-N'-(1,1-dimethylethy) -6-(methylthio)-1,3,5-triazine-2,4-diamine (CAS No.28159 98 0) (provided for in subheading 2933.69.60) is subject to an NTR duty rate of 3.7% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for N-Cyclopropyl-N-(1, 1-dimethylethy) -6-(methylthio) -1,3,5-triazine-2,4-diamine (CAS No. 28159 98 0) (provided for in subheading 2933.69.60), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1200. ORTHO-CUMYL-OCTYLPHENOL**

**Present law**

Ortho-cumyl-octylphenol (CAS No. 73936 80 8) (provided for in subheading 2907.19.80) is subject to an NTR duty rate of 5.5% ad valorem.

**Explanation of Provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Ortho-cumyl-octylphenol (CAS No. 73936 80 8) (provided for in subheading 2907.19.80), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1201. CERTAIN POLYAMIDES (S. 2240)**

**Present law**

Micro-porous, ultra fine, spherical forms of polyamide 6, polyamide 12, polyamide-6,12 powders (CAS No. 25038 54 4 and 25038 74 8 and 25191 04 1)(provided for in subheading 3908.10.00) are subject to NTR duty rates of 6.5% - 9% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for micro-porous, ultra fine, spherical forms of polyamide 6, polyamide 12, polyamide-6,12 powders (CAS No. 25038 54 4 and 25038 74 8 and 25191 04 1)(provided for in subheading 3908.10.00)), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1202. MESAMOLL (S. 2560)**

##### Present law

Mixture of phenyl esters of C10-C18 alkylsulfonic acids (CAS No. 70775 94 9) (provided for in subheading 3812.20.10) is subject to an NTR duty rate of 11% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of phenyl esters of C10-C18 alkylsulfonic acids (CAS No. 70775 94 9) (provided for in subheading 3812.20.10), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1203. VULKALENT E/C (S. 2561)**

##### Present law

A mixture of N-Phenyl-N-((trichloromethyl) thio)-Benzenesulfonamide; calcium carbonate; and mineral oil (provided for in subheading 3824.90.28) is subject to an NTR duty rate of 9.3% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for a mixture of N-Phenyl-N-((trichloromethyl)thio)-Benzene-, sulfonamide; calcium carbonate; and mineral oil (provided for in subheading 3824.90.28), as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1204. BAYTRON M (S. 2562)**

#### Present law

A certain 3,4-ethylenedioxythiophene (CAS No. 126213 501) (provided for in subheading 2934.90.90) is subject to an NTR duty rate of 5% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 3,4-ethylenedioxythiophene (CAS No. 126213 50 1) (provided for in subheading 2934.90.90), as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1205. BAYTRON C-R (S. 2563)**

#### Present law

Aqueous catalytic preparations based on Iron (III) toluenesulfonate (CAS No. 77214 82 5) (provided for in subheading 3815.90.50) is subject to an NTR duty rate of 5% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for aqueous catalytic preparations based on Iron (III) toluenesulfonate (CAS No. 77214 82 5) (provided for in subheading 3815.90.50), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1206. BAYTRON P**

##### Present law

Aqueous dispersions of poly (3,4-ethylene- dioxothiophene)-poly (styrenesulfonate) (cationic) (CAS No. 155090 83 8) (provided for in subheading 3911.90.25) is subject to an NTR duty rate of 6.1% ad valorem.

##### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for aqueous dispersions of poly (3,4-ethylene- dioxothiophene)- poly (styrenesulfonate) (cationic) (CAS No. 155090 83 8) (provided for in subheading 3911.90.25), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1207. DIMETHYL DICARBONATE**

##### Present law

Dimethyl dicarbonate (CAS No. 4525 33 1) (provided for in subheading 2920.90.50) is subject to an NTR duty rate of 3.7% ad valorem.

##### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for dimethyl dicarbonate (CAS No. 4525 33 1) (provided for in subheading 2920.90.50), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic

manufacturer.

**Sec. 1208. KN001 (A HYDROCHLORIDE)**

**Present law**

2,4-Dichloro-5-hydrazinophenol monohydrochloride (CAS No. 189573 21 5) (provided for in subheading 2928.00.25) is subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 2,4-Dichloro-5-hydrazinophenol monohydrochloride (CAS No. 189573 21 5) (provided for in subheading 2928.00.25), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs of manufacturing the herbicide in the United States, making the final product more affordable to U.S. farmers without jeopardizing any domestic manufacturer.

**Sec. 1209. KL540**

**Present law**

Methyl-4-trifluoromethoxyphenyl-N-(chlorocarbonyl) carbamate (CAS No. 173903156) (provided for in subheading 2924.29.70) is subject to an NTR duty rate of 9.3% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for methyl-4-trifluoromethoxyphenyl-N-(chlorocarbonyl) carbamate (CAS No. 173903 15 6) (provided for in subheading 2924.29.70), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs of manufacturing the herbicide in the United States, making the final product more affordable to U.S. farmers without jeopardizing any domestic manufacturer.

**Sec.1210. DPC 083 (S. 2392)**

**Present law**



(S)-6-chloro-3,4-dihydro-4-E-cyclopropylethenyl-4-trifluoromethyl-2(1H)- quinozolinone (CAS No. 214287 99 7) (provided for in subheading 2933.90.46) is subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for (S)-6-chloro-3,4-dihydro-4-E-cyclopropylethenyl -4-trifluoromethyl-2(1H)-quinozolinone (CAS No. 214287 99 7) (provided for in subheading 2933.90.46), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1211. DPC 961 (S. 2391)**

##### Present law

(S)-6-chloro-3,4-dihydro-4-cyclopropylethynyl-4-trifluoromethyl-2(1H)- quinozolinone (CAS No. 214287 88 4) (provided for in subheading 2933.90.46) is subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for (S)-6-chloro-3,4-dihydro-4-cyclopropylethynyl-4-trifluoromethyl-2(1H)-quinozolinone (CAS No. 214287 88 4) (provided for in subheading 2933.90.46), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1212. PETROLEUM SULFONIC ACIDS, SODIUM SALTS (S. 2377)**

##### Present law

Petroleum sulfonic acids (CAS No. 68608 26 4) (provided for in subheading 3402.11.50) is subject to an NTR duty rate of 3.7% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Sodium petroleum sulfonate (CAS No. 68608 26 4) (provided for in subheading 3402.11.50), as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

## **Sec. 1213. PRO-JET CYAN 1 PRESS PASTE**

### Present law

Direct blue 199 acid (CAS No. 80146 12 9) (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Direct blue 199 acid (CAS No. 80146 12 9) (provided for in subheading 3204.14.30), as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

## **Sec. 1214. PRO-JET BLACK ALC POWDER**

### Present law

Direct black 184 (provided for in subheading 3204.14.30) is subject to an NTR duty rate of 6.5% - 9% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Direct black 184 (provided for in subheading 3204.14.30), as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1215. PRO-JET FAST YELLOW 2 RO FEED**

Present law

Direct yellow 173 (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Direct yellow 173 (provided for in subheading 3204.14.30), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1216. SOLVENT YELLOW 145 (S. 2532)**

Present law

Solvent yellow 145 (CAS No. 27425 55 4) (provided for in subheading 3204.19.25) is subject to NTR duty rates of 6.5% - 10.6% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Solvent yellow 145 (CAS No. 27425 55 4) (provided for in subheading 3204.19.25), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1217. PRO-JET FAST MAGENTA 2 RO FEED**

Present law

Direct violet 107 (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading for Direct violet 107 (provided for in subheading 3204.14.30), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1218. PRO-JET FAST CYAN 2 STAGE**

#### Present law

Direct blue 307 (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Direct blue 307 (provided for in subheading 3204.14.30), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1219. PRO-JET CYAN 485 STAGE**

#### Present law

[(2-Hydroxyethylsulfamoyl)sulfophthalocyaninato] copper (II), mixed isomers (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for [(2-Hydroxyethylsulfamoyl)sulfophthalocyaninato] copper (II), mixed isomers (provided for in subheading 3204.14.30), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1220. TRIFLUSULFURON METHYL FORMULATED PRODUCT**

**Present law**

Methyl 2-[[[[-4(dimethylamino)-6-(2,2,2-trifluoroethoxy)-1,3,5-triazin-2-yl]-amino]carbonyl]amino]sulfonyl]-3-methylbenzoate (CAS No. 126535 15 7) (provided for in subheading 3808.30.15) is subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for methyl 2-[[[[-4(dimethylamino) -6-(2,2,2-trifluoroethoxy)-1,3,5-triazin-2-yl]-amino]carbonyl]amino]sulfonyl]-3-methylbenzoate (CAS No. 126535 15 7) (provided for in subheading 3808.10.15), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs of manufacturing the herbicide in the United States, making the final product more affordable to U.S. farmers without jeopardizing any domestic manufacturer.

**Sec. 1221. PRO-JET FAST CYAN 3 STAGE**

**Present law**

[29H, 31H-Phthalocyaninato (2-)-xN29, xN30, xN31, xN32], copper[[2-[4-(2-amino-ethyl)-1-piperazinyl]ethyl]-amino]-sulfonylaminosulfonyl [(2-hydroxyethyl)amino]-sulfonyl [[2-[[2-(1-piperazinyl)ethyl]amino) ethyl]amino]- sulfonyl sulfo derivatives and their sodium salts (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for [29H, 31H-Phthalocyaninato (2-)-xN29, xN30, xN31, xN32], copper[[2-[4-(2-amino-ethyl)-1-piperazinyl]ethyl]-amino]-sulfonylaminosulfonyl [(2-hydroxyethyl)amino]- sulfonyl [[2-[[2-(1-piperazinyl)ethyl]amino) ethyl]amino]- sulfonyl sulfo derivatives and their sodium salts (provided for in subheading 3204.14.30), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1222. PRO-JET CYAN 1 RO FEED**

Present law

Direct blue 199 sodium salt (CAS No.90295-11-7) (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 10.6% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting in the numerical sequence the new heading for Direct blue 199 sodium salt (CAS No. 90295 11 7) (provided for in subheading 3204.14.30), as duty free until December 31, 2000, and a staged rate reduction thereafter.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1223. PRO-JET FAST BLACK 287 NA PASTE/LIQUID FEED**

Present law

Direct black 195 (CAS No. 160512 93 6) (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a the new heading for Direct black 195 (CAS No. 160512 93 6) (provided for in subheading 3204.14.30), as duty free until December 31, 2000 and a staged rate reduction thereafter.

Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1224. 4-(CYCLOPROPYL-A-HYDROXYMETHYLENE)-3,5-DIOXO-CYCLOHEXANECARBOXYLIC ACID ETHYL ESTER**

Present law

4-(Cyclopropyl-a-hydroxymethylene)-3,5-dioxo-cyclohexane-carboxylic acid ethyl ester (CAS No. 95266 40 3) (provided for in subheading 2918.90.50) is subject to an NTR duty rate of 4% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 4-(Cyclopropyl-a-hydroxymethylene)-3,5-dioxo-cyclohexanecarboxylic acid ethyl ester (CAS No. 95266 40 3) (provided for in subheading 2918.90.50), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1225. 4"-EPIMETHYLAMINO-4"-DEOXYAVERMECTIN B1A AND B1B BENOZATES**

Present law

4"-Epimethylamino-4"-deoxyavermectin B1a and B1b benozates (CAS No. 137512 74 4) (provided for in subheading 2938.90.00) is subject to an NTR duty rate of 3.7% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 4 "-Epimethylamino-4 "-deoxyavermectin B1a and B1b benozates (CAS No. 137512 74 4) (provided for in subheading 2938.90.00), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1226. FORMULATIONS CONTAINING  
2-[4-[(5-CHLORO-3-FLUORO-2-PYRIDINYL) OXY]-PHENOXY]-2-  
PROPYNYL ESTER**

#### Present law

Propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]-phenoxy]-2-propynyl ester (CAS No. 105512 06 9) (provided for in subheading 3808.30.15) is subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for propanoic acid, 2-[4-[(5-chloro-3-fluoro-2-pyridinyl)oxy]-phenoxy]-2-propynyl ester (CAS No. 105512 06 9) (provided for in subheading 3808.30.15), with a duty reduction to 3% until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1227. MIXTURES OF 2-(2-CHLOROETHOXY) N-[[4METHOXY-6-METHYL-1,3,5-TRIAZIN-2-YL)AMINO] CARBONYL] AND 3,6-DICHLORO-2-METHOXYBENZOIC ACID**

#### Present law

Mixtures of 2-(2-chloroethoxy) N-[[4methoxy-6-methyl-1,3,5-triazin-2-yl)amino] carbonyl]- (CAS No. 82097 50 5) and 3,6-dichloro-2-methoxybenzoic acid (CAS No. 1918 00 9) with application adjuvants (provided for in subheading 3808.30.15) are subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of 2-(2-chloroethoxy) N-[[4methoxy-6-methyl-1,3,5-triazin-2-yl)amino] carbonyl]- (CAS No. 82097 50 5) and 3,6-dichloro-2-methoxybenzoic acid (CAS No. 1918 00 9) with application adjuvants (provided for in subheading 3808.30.15), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.



**Sec. 1228. (E,E)-A-(METHOXYIMINO)-2-[[[1-[3-(TRIFLUOROMETHYL)PHENYL] ETHYLIDENE]OXY]METHYL] BENZENEACETATE ACID, METHYL ESTER**

**Present law**

(E,E)-a-(methoxyimino)-2-[[[1-[3-(trifluoromethyl)phenyl] ethylidene]oxy]methyl]benzeneacetate (CAS No. 141517 21 7) (provided for in subheading 2929.90.20) is subject to an NTR duty rate of 10.4% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for (E,E)-a-(methoxyimino)-2-[[[1-[3-(trifluoromethyl)phenyl]ethylidene]oxy]methyl]benzeneacetate (CAS No. 141517 21 7) (provided for in subheading 2929.90.20), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1229. FORMULATIONS CONTAINING SULFUR**

**Present law**

Mixtures of sulfur (80% by weight) and application adjuvants (CAS No. 7704 34 9) (provided for in subheading 3808.20.50) are subject to an NTR duty rate of 5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by a new heading for mixtures of sulfur (80% by weight) and application adjuvants (CAS No. 7704 34 9) (provided for in subheading 3808.20.50), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1230. MIXTURES OF 3-(6-METHOXY-4-METHYL-1,3,5-TRIAZIN-2-YL)-1-[2-(2-CHLORO-ETHOXY)-PHENYLSULFONYL]-UREA**

#### Present law

Mixtures of 3-(6-methoxy-4-methyl-1,3,5-triazin-2-yl)-1-[2-(2-chloro-ethoxy)-phenylsulfonyl]-urea (CAS No. 82097 50 5), (provided for in subheading 3808.30.15) are subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of 3-(6-methoxy-4-methyl-1,3,5-triazin-2-yl)-1-[2-(2-chloro-ethoxy)-phenylsulfonyl]-urea (CAS No. 82097 50 5) (provided for in subheading 3808.30.15), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1231. MIXTURES OF 4-CYCLOPROPYL-6-METHYL-N-PHENYL-2-PYRIMIDINAMINE-4-(2,2-DIFLUORO-1,3-BENZODIOXOL-4-YL)-1H-PYRROLE-3-CARBONITRILE**

#### Present law

Mixtures of 4-Cyclopropyl-6-methyl-N-phenyl-2-pyrimidinamine-4-(2,2-difluoro-1,3-benzodioxol-4-yl)-1H-pyrrole-3-carbonitrile (CAS No. 131341 86 1) (provided for in subheading 3808.20.15) and application adjuvants are subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of 4-Cyclopropyl-6-methyl-N-phenyl-2-pyrimidinamine-4-(2,2-difluoro-1,3-benzodioxol-4-yl)-1H-pyrrole-3-carbonitrile (CAS No. 131341 86 1) (provided for in subheading 3808.20.15) and application adjuvants, as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1232. (R)-2-[2,6-DIMETHYLPHENYL]-METHOXYACETYLAMINO]-PROPIO**

**NIC ACID, METHYL ESTER AND (S)-2-[2,6-DIMETHYLPHENYL-METHOOXYACETYLAMINO]PROPIONIC ACID, METHYL ESTER**

**Present law**

(R)-2-[2,6-dimethylphenyl]-methoxyacetyl-amino]-propionic, acid methyl ester and (S)-2-[2,6-dimethylphenyl-methoxyacetyl-amino]propionic acid, methyl ester (CAS No. 69516 34 3) (both of the foregoing provided for in subheading 2924.29.47) is subject to an NTR duty rate of 9.1% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for (R)-2-[2,6-dimethylphenyl]-methoxyacetyl-amino]-propionic, acid methyl ester and (S)-2-[2,6-dimethylphenyl-methoxyacetyl-amino] propionic acid, methyl ester (CAS No. 69516 34 3) (both of the foregoing provided for in subheading 2924.29.47), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1233. MIXTURES OF BENZOTHIAZOLE-7-CARBOETHIOIC ACID S-METHYL ESTER**

**Present law**

Mixtures of benzothiazole-7-carboethioic acid S-methyl ester (CAS No. 135158 54 2) and application adjuvants (provided for in subheading 3808.20.15) are subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of benzothiazole-7-carboethioic acid S-methyl ester (CAS No. 135158 54 2) and application adjuvants (provided for in subheading 3808.20.15), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1234. BENZOTHIALDIAZOLE-7-CARBOTHIOIC ACID, S-METHYL ESTER**

**Present law**

Benzothialdiazole-7-carbothioic acid, S-methyl ester (CAS No. 135158 54 2) (provided for in subheading 2934.90.12) is subject to an NTR duty rate of 8.2% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Benzothialdiazole-7-carbothioic acid, S-methyl ester (CAS No. 135158 54 2) (provided for in subheading 2934.90.12), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1235. O-(4-BROMO-2-CHLOROPHENYL)-O-ETHYL-S-PROPYL PHOSPHOROTHIOATE**

**Present law**

O-(4-Bromo-2-chlorophenyl)-O-ethyl-S-propyl phosphorothioate (CAS No. 41198 08 7) (provided for in subheading 2930.90.10) is subject to an NTR duty rate of 8.9% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for O-(4-Bromo-2-chlorophenyl)-O-ethyl-S-propyl phosphorothioate (CAS No. 41198 08 7) (provided for in subheading 2930.90.10), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1236. 1[[2-(2,4-DICHLOROPHENYL)-4-PROPYL-1,3-DIOXOLAN-2-YL]METHYL]-1H-1,2,4-TRIAZOLE**

Present law

1-[[2-(2,4-dichlorophenyl)-4-propyl-1,3-dioxolan-2-yl]methyl]-1H-1,2,4-triazole (CAS No. 60207 90 1) (provided for in subheading 2934.90.12) is subject to an NTR duty rate of 8.3% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 1-[[2-(2,4-dichlorophenyl)-4-propyl -1,3-dioxolan-2-yl]methyl]-1H-1,2,4-triazole (CAS No. 60207 90 1) (provided for in subheading 2934.90.12), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1237. TETRAHYDRO-3-METHYL-N-NITRO-5[[2-PHENYLTHIO)-5-THIAZOLYL]-4-H-1,3,5-OXADIAZIN-4-IMINE (S. 2193)**

Present law

Tetrahydro-3-methyl-N-nitro-5[ [2-phenylthio)-5-thiazolyl]-4-H-1,3,5-oxadiazin-4-imine (CAS No. 192439 46 6) (provided for in subheading 2934.10.10) is subject to an NTR duty rate of 9.3% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for tetrahydro-3-methyl-N-nitro-5[ [2-phenylthio)-5-thiazolyl]-4-H-1,3,5-oxadiazin-4-imine (CAS No. 192439 46 6) (provided for in subheading 2934.10.10), with a duty reduction to 4.3% until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1238. 1-(4-METHOXY-6-METHYL-TRIAZIN-2-YL)-3-[2-(3,3,3-RIFLUOROPROPYL)-PHENYLSULFONYL]- UREA**

Present law

1-(4-methoxy-6-methyl-triazin-2-yl) -3-[2-(3,3,3-trifluoropropyl)-phenylsulfonyl]-urea (CAS No. 94125 34 5) (provided for in subheading 2935.00.75) is subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 1-(4-methoxy-6-methyl-triazin-2-yl)-3-[2-(3,3,3-trifluoropropyl)-phenylsulfonyl]-urea (CAS No. 94125 34 5) (provided for in subheading 2935.00.75), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1239. 4,5-DIHYDRO-6-METH-YL-4-[(3-PYRIDINYLMETH-YLENE) AMINO]1,2,4-TRIAZIN-3(2H)ONE**

**Present law**

4,5-dihydro-6-meth-yl-4-[(3-pyridinylmeth-ylene)amino]1,2,4-Triazin-3(2H)one (CAS No. 123312 89 0) (provided for in subheading 2933.69.60) is subject to an NTR duty rate of 3.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 4,5-dihydro-6-meth-yl-4-[(3-pyridinylmeth-ylene)amino]1,2,4-Triazin-3(2H)one (CAS No. 123312 890) (provided for in subheading 2933.69.60), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1240. 4-(2,2-DIFLUORO-1,3-BENZODIOXOL-4-YL) -1H-PYRROLE-3-CARBONITRILE**

**Present law**

4-(2,2-difluoro-1,3-benzodioxol-4-yl) -1H-pyrrole-3-carbonitrile (CAS No. 131341 86 1) (provided for in subheading 2934.90.12) is subject to an NTR duty rate of 8.3% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 4-(2,2-difluoro-1,3-benzodioxol-4-yl)-1H-pyrrole-3-carbonitrile (CAS No. 131341 86 1) (provided for in subheading 2934.90.12), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1241. MIXTURE OF 2-((((4,6-DI-METHOXYPYRIMIDIN-2-YL)AMINOCARBONYL))-N,N-DIMETHYL-3-PYRIDINECARBOXAMIDE AND APPLICABLE ADJUVANTS**

#### Present law

Mixture of 2-((((4,6-Di-methoxypyrimidin-2-yl)aminocarbonyl))-N,N-dimethyl-3-pyridinecarboxamide and applicable adjuvants (CAS No. 111991 09 4) (provided for in subheading 3808.30.15) is subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of 2-((((4,6-Di-methoxypyrimidin-2-yl)aminocarbonyl))-N,N-dimethyl-3-pyridinecarboxamide and applicable adjuvants (CAS No. 111991 09 4) (provided for in subheading 3808.30.15), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs of manufacturing the herbicide in the US and make the final product more affordable to US farmers without jeopardizing any domestic manufacturer.

#### **Sec. 1242. MONOCHROME GLASS ENVELOPES**

#### Present law

Monochrome glass envelopes (provided for in subheading 7011.20.40) are subject to an NTR duty rate of 5.2% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for monochrome glass envelopes (provided for in subheading 7011.20.40), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1243. CERAMIC COATER**

**Present law**

Ceramic coater for laying down and drying ceramic (as provided for in subheading 8479.89.97) is subject to NTR duty rate of 2.5% ad valorem.

**Explanation of provision**

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for ceramic coaters used for laying down and drying ceramic (provided for in subheading 8479.89.97), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1244. PRO-JET BLACK 263 STAGE**

**Present law**

5-[4-(7-amino-1-hydroxy-3-sulfo-naphthalen-2-ylazo)-2,5-bis-(2-hydroxy-ethoxy)-phenylazo]-isophthalic acid, lithium salt (Pro-Jet Black 263 Stage) (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 5-[4-(7-amino-1-hydroxy-3-sulfo-naphthalen-2-ylazo)-2,5-bis-(2-hydroxy-ethoxy)-phenylazo]-isophthalic acid, lithium salt (Pro-Jet Black 263 Stage) (provided for in subheading 3204.14.30), as duty-free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals



and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1245. PRO-JET FAST BLACK 286 PASTE**

**Present law**

1,3-benzenedicarboxylic acid, 5-[[4-[(7-amino-1-hydroxy-3-sulfo-2-naphthalenyl)azo]-6-sulfo-1-naphthalenyl]azo]-, sodium salt (Pro-Jet Fast Black 286 Paste) (CAS No. 201932 24 3) (provided for in subheading 3204.14.30) is subject to NTR duty rates of 6.5% - 9% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 1,3-Benzenedicarboxylic acid, 5-[[4- [(7-amino-1-hydroxy-3-sulfo-2-naphthalenyl)azo]-6-sulfo-1-naphthalenyl]azo]-, sodium salt (Pro-Jet Fast Black 286 Paste) (CAS No. 201932 24 3) (provided for in subheading 3204.14.30), as duty-free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1246. BROMINE-CONTAINING COMPOUNDS. (S. 2142)**

**Present law**

Bromine-containing compounds are classifiable under HTS subheading 2904.90.20 and 2903.69.70 and are subject to an NTR duty rate of 5.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for:

2-Bromoethanesulfonic acid sodium salt (CAS No. 4263-52-9) (provided for in subheading 2904.90.20) as duty free until December 31, 2003

4,4'-Dibromobiphenyl (CAS No. 92-86-4) (provided for in subheading 2903.69.70) as duty free until December 31, 2003

4-Bromotoluene (CAS No. 106-38-7) (provided for in subheading 2903.69.70), as duty

free until December 31, 2003

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1247. PYRIDINEDICARBOXYLIC ACID. (S. 2145)**

Present law

Pyridinedicarboxylic acid is classifiable under HTS subheadings 2933.90.79, 2933.90.24 and 2921.49.45 and is subject to an NTR duty rate of 8.6% ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for:

1,4-dihydro-2,6-dimethyl-1,4-diphenyl-3,5-Pyridinedicarboxylic, dimethyl ester (CAS No. 83300-85-0) (provided for in subheading 2933.90.79) as duty free until December 31, 2003.

1-[2-[2-[2-Chloro-3[(1,3-dihydro-1,3,3-trimethyl-2H-indol-2-ylidene) ethylidene]-1-cyclopenten-1-yl]ethenyl]-1,3,3-trimethyl-3H-indolium,salt with trifluoromethanesulfonic acid (1:1) (CAS No. 128433-68-1) (provided for in subheading 2933.90.24), as duty free until December 31, 2003.

N-[4-[5-[4-(Dimethyl- amino)phenyl]-1,5-diphenyl-2,4-pentadienylidene ]-2,5-cyclohexadien-1-ylidene]-N-methyl-,salt with trifluoromethane sulfonic acid (1:1) (CAS No. 100237-71-6) (provided for in subheading 2921.49.45), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**SEC. 1248. CERTAIN SEMICONDUCTOR MOLD COMPOUNDS. (S. 2165)**

Present law

Certain semiconductor mold compounds are classifiable under HTS subheading 3907.30.00 and are subject to an NTR duty rate of 6.1% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for thermosetting molding compounds of a kind suitable for use in the manufacture of semiconductor devices, via transfer molding process, containing 70 percent or more of silica, by weight, and having less than 75 parts per million of combined water extractable content of chloride, bromide, potassium and sodium (provided for in subheading 3907.30.00), and setting it at a duty rate of 3.5% until December 31, 2003.

#### Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer

### **Sec. 1249. SOLVENT BLUE 67. (S. 2190)**

#### Present law

Solvent blue 67 is classifiable under HTS subheading 3204.19.11 and is subject to an NTR duty rate of 6.5% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Solvent blue 67 (CAS No. 81457-65-0) (provided for in subheading 3204.19.11), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1250. PIGMENT BLUE 60. (S. 2193)**

#### Present law

Pigment blue 60 is classifiable under HTS subheading 3204.17.90 and is subject to an NTR duty rate of 10.6% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Pigment blue 60 (CAS No. 81-77-6) (provided for in subheading 3204.17.90), as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

## **Sec. 1251. MENTHYL ANTHRANILATE. (S. 2208)**

### Present law

Menthyl anthranilate is classifiable under HTS subheading 2922.49.27 and is subject to an NTR duty rate of 6.5% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for menthyl anthranilate (CAS No.134-09-08) (provided for in subheading 2922.49.27), as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

## **Sec. 1252. 4-BROMO-2-FLUOROACETANILIDE. (S. 2210)**

### Present law

4-Bromo-2-fluoroacetanilide is classifiable under HTS subheading 2924.21.50 and is subject to an NTR duty rate of 7.4% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 4-Bromo-2-fluoroacetanilide (CAS No. 326-66-9) (provided for in subheading 2924.21.50), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1253. PROPIOPHENONE (S.2211)**

Present law

Propiophenone is classifiable under HTS subheading 2914.39.90 and is subject to an NTR duty rate of 7.4% ad volorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for propiophenone (CAS No. 93-55-0) (provided for in subheading 2914.39.90), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1254. M-CHLOROBENZALDEHYDE. (S. 2212)**

Present law

M-Chlorobenzaldehyde is classifiable under HTS subheading 2913.00.40 and is subject to an NTR duty rate of 9.8% ad volorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for m-Chlorobenzaldehyde (CAS No. 587-04-2) (provided for in sub-heading 2913.00.40), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1255. CERAMIC KNIVES. (S.2461)**

Present law

Ceramic knives are classifiable under HTS subheading 6911.10.80 or 6912.00.48 and is subject to an NTR duty rate of 22.4% ad volorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for knives having ceramic blades, such blades containing over 90% zirconia by weight (provided for in sub-heading 6911.10.80 or 6912.00.48), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer

**Sec. 1256. STAINLESS STEEL RAILCAR BODY SHELLS. (S. 2495)**

Present law

Stainless steel railcar body shells are classifiable under HTS subheading 8607.99.10 and are subject to an NTR duty rate of 2.8% ad volorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for railway car bodyshells of stainless steel, the foregoing which are designed for gallery type railway cars each having a capacity of 104 passengers on two enclosed levels (provided for in subheading 8607.99.10), as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer

**Sec. 1257. STAINLESS STEEL RAILCAR BODY SHELLS OF 100-PASSENGER CAPACITY (S. 2496)**

Present law

Stainless steel railcar body shells of 100-passenger capacity are classifiable under HTS subheading 8607.99.10 and are subject to an NTR duty rate of 2.8% ad volorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for railway car body shells of stainless steel, the foregoing which are designed for use in gallery type cab control railway cars each having an aggregate capacity of 100 passengers on two enclosed levels (provided for in subheading 8607.99.10), as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1258. PENDING METHALIN. (S.2535)**

**Present law**

N-(Ethylpropyl)-3,4-dimethyl-2,6-dinitroaniline is classifiable under HTS subheading 2921.49.50 and is subject to an NTR duty rate of 10.3% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for N-(Ethylpropyl)-3,4-dimethyl-2,6-dinitroaniline (CAS No. 40487-42-1) (provided for in subheading 2921.49.50), and setting it at a duty rate of 1.1% until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1259. 3,5-DIBROMO-4-HYDOXYBENZONITRIL ESTER AND INERTS. (S. 2575)**

**Present law**

Mixtures of octanoate and heptanoate esters of bromoxynil 3,5-Dibromo-4-hydroxybenzoxynitril with application adjuvants is classifiable under HTS subheading 3808.30.15 and is subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for mixtures of octanoate and heptanoate esters of bromoxynil (3,5-Dibromo-4-hydroxybenzoxynitril) (CAS Nos. 1689-99-2 and 56634-95-8) with application adjuvants (provided for in subheading 3808.30.15), as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1260. 3,5-DIBROMO-4-HYDOXYBENZONITRIL. (S. 2576)**

#### Present law

Bromoxynil (3,5-Dibromo-4-hydroxybenzonitril) octanoic acid ester is classifiable under HTS subheading 2926.90.25 and is subject to an NTR duty rate of 8.6% ad volorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for Bromoxynil (3,5-dibromo-4-hydroxybenzonitri-le), octanoic acid ester (CAS No. 1689-99-2) (provided for in subheading 2926.90.25) and setting it at a duty rate of 4.2% until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Sec. 1261. ISOXAFLUTOLE. (S. 2578)**

#### Present law

4-(2-Methanesulphon-yl-4-triflouromethylb-enzoyl)-5-cyclopropyl isoxazole is classifiable under HTS subheading 2934.90.15 and is subject to an NTR duty rate of 8.6% ad volorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 4-(2-Methanesulphon-yl-4-triflouromethylb-enzoyl)-5-cyclopropyl isoxazole (CAS No. 141112-29-0) (provided for in subheading 2934.90.15) and set it at a duty rate of 1.0% until until December 31, 2003.

#### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic



manufacturer.

**Sec. 1262. CYCLANILIDE TECHNICAL. (S. 2579)**

**Present law**

1-(2,4-Dichlorophenyla-minocarbonyl)-cyclopropanecar-boxylic acid is classifiable under HTS subheading 2924.29.47 and is subject to an NTR duty rate of 8.4% ad volorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for 1-(2,4-Dichlorophenyla-minocarbonyl)-cyclopropanecar-boxylic acid. (CAS No. 113136-77-9) (provided for in subheading 2924.29.47) and setting it at a duty rate of 5.7% until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1263. R115777. (S. 2628)**

**Present law**

(R)-6-[Amino(4-chlorophenyl)(1-methyl-1H-imidazol-5-yl)methyl]-4-(3-D chlorophenyl)-1-methyl-2(1H)-quinoline is a finished pharmaceutical drug imported in bulk form. It is used to treat pancreatic cancer and is classifiable under HTS subheading 2933.40.26 and is subject to an NTR duty rate of 6.5% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for (R)-6-[Amino(4-chlorophenyl)(1-methyl-1H-imidazol-5-yl)methyl]-4-(3-D chlorophenyl)-1-methyl-2(1H)-quinoline (CAS No. 192185-72-1) (provided for in subheading 2933.40.26) as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

**Sec. 1264. BONDING MACHINES (S. 2658)**

Present law

Bonding machines are classifiable under HTS subheading 8479.89.97 and are subject to an NTR duty rate of % ad valorem.

Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for bonding machines for use in the manufacture of digital versatile discs (DVDs) (provided for in subheading 8479.89.97) and setting it at a duty rate of 1.7% until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1265. GLYOXYLIC ACID. (S. 2785)**

Present law

Glyoxylic acid is classifiable under HTS subheading 2918.30.90 and is subject to an NTR duty rate of % ad valorem.

Explanation of provision

This provision amends subchapter II of chapter 99 of the HTSUS by inserting a new heading for glyoxylic acid (CAS No. 298-12-4) (provided for in subheading 2918.30.90) as duty free until December 31, 2003.

Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer.

**Sec. 1266. FLUORIDE COMPOUNDS. (S. 2143)**

Present law

Fluoride compounds are classifiable under HTS subheadings 2826.11.10 and 2826.19.00 and are subject to an NTR duty rate of 3.1% ad valorem.

### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting a new heading for , as duty free until December 31, 2003.

### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

### **Sec. 1267. Certain R-core. (S. 2166)**

#### Present law

Certain R-core is classifiable under HTS subheading 8504.31.40 and is subject to an NTR duty rate of 6.6% ad valorem.

#### Explanation of provision

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.85.05 120 volt/60Hz electrical transformers (provided for insubheading 8504.31.40), with dimensions not exceeding 85mm by 72mm by 45.7mm but at least 76mm by 50mm by 25mm and each containing a layered and uncut round core with two balanced bob-bins, the foregoing rated at less than 40VA but greater than 33.2 VA with a rating number of R25, as duty free until December 31, 2003.

#### Reason for change

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer

## **CHAPTER 2--EXISTING DUTY SUSPENSIONS AND REDUCTIONS**

### **Sec. 1301. EXTENSION OF CERTAIN EXISTING DUTY SUSPENSIONS AND REDUCTIONS**

#### (a) Existing duty suspensions

##### Present law

(1) The temporary duty suspension for DEMA (provided for in heading 9902.32.12) would expire December 31, 2001, after which time the product would be subject to an NTR duty rate of

between 6.5% and 10.6% ad valorem. (S. 2177)

(2) The temporary suspension of duty on a certain polymer (provided for in heading 9902.39.07) is to expire December 31, 2001, after which time the product would be subject to an NTR duty rate of 6.5% ad valorem. (S. 2375)

(3) The temporary suspension of duty on 4-hexylresorcinol (provided for in heading 9902.29.07) is to expire December 31, 2001, after which time the product would be subject to an NTR duty rate of 5.5% ad valorem.

(4) The temporary suspension of duty on certain sensitizing dyes (provided for in heading 9902.29.37) is to expire December 31, 2001.

(5) The temporary suspension of duty on certain organic pigments and dyes (provided for in heading 9902.32.07) is to expire December 31, 2001.

(6) The temporary suspension of duty on certain semi-manufactured forms of gold (provided for in heading 9902.71.08) is to expire December 31, 2001, after which time the product would be subject to an NTR duty rate of 4.1% ad valorem. (S. 2146)

(7) The temporary suspension on DPXE 6578 (provided for in heading 9902.33.59) expires on December 31, 2001, after which time the product would be subject to an NTR duty rate of 9.3% ad valorem (as provided for in subheading 2933.59.70).

(8) The temporary suspension on Rimsulfuron (provided for in heading 9902.33.60) expires on December 31, 2000, after which time the product would be subject to an NTR duty rate of 9.3% ad valorem (as provided for in subheading 2935.00.75).

(9) The temporary suspension on rolled glass (provided for in heading 9902.70.03) expires on December 31, 2001, after which time the product would be subject to an NTR duty of 1.3%. (S. 2156)

(10) The temporary suspension on ferroboron (provided for in heading 9902.72.02) expires on December 31, 2001, after which time the product would be subject to an NTR duty rate of 5%. (S. 2154)

(11) The temporary duty suspension on synthetic quartz and synthetic fused silica (provided for in heading 9902.70.06) expires on December 31, 2001 after which time the product would be subject to an NTR duty of 4.9%. (S. 2199)

(12) The temporary duty suspension on diiodomethyl-*p*-tolylsulfone (provided for in heading 9902.32.90) expires on December 31, 2001, after which time the product would be subject to an NTR duty rate of 7.7%. (S. 2257)

(13) The temporary duty suspension on *b*-bromo- *b*-nitrostyrene (provided for in heading

9902.32.92) expires on December 31, 2001, after which time the product will be subject to an NTR duty rate of 7.6% (relating to). (S. 2258)

(14) The temporary duty suspension on certain chemicals (provided for in heading 9902.32.06) is amended by striking '12/31/2000' and inserting '12/31/2003'. (S. 2846)

(15) The temporary duty suspension relating to methyl thioglycolate (provided for in heading 9902.32.55).

#### Explanation of provisions

This provision would amend the above HTSUS headings to extend those temporary duty suspensions until December 31, 2003.

#### Reason for change

This provision would enable U.S. manufacturers to continue to keep costs down, which would continue to make downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### (b) Existing duty reductions

##### Present law

Ethylene/tetra-fluoroethylene copolymer (ETFE) (provided for in subheading 3904.69.50) is currently subject to an NTR duty rate of 6.5% ad valorem, and a duty reduction rate of 3.3% ad valorem (provided for in heading 9902.29.68) until December 31, 2001.

#### Explanation of provision

This provision would amend heading 9902.29.68 of the HTSUS by extending the duty reduction rate to 12/31/2003. The NTR rate of duty is provided above to make importers aware that this product is classified under two separate HTSUS headings, and that all importers of the above product may avail themselves of the duty reduction rate.

#### Reason for change

This provision would enable U.S. chemical manufacturers to continue the reduced costs, keeping the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### (c) Other modifications

##### Present law

(1) The temporary duty suspension for methyl esters (provided for in heading 9902.38.24) is modified to a staged rate duty reduction.

(2) The temporary duty suspension on certain manufacturing equipment (provided for in heading 9902.84.83, 9902.84.85, 9902.84.87, 9902.84.89, and 9902.84.91) is modified and the duty rate is set at 1.5%.

(3) The temporary duty reduction on carbamic acid (provided for in heading 9902.33.61) is amended to a duty suspension with an expiration date of 12/31/03.

(4) The temporary duty reduction on DPX-E9260 (provided for in subheading 9902.33.63) is amended to a duty suspension with an expiration date of 12/31/03.

#### Explanation of provision

This provision would modify the existing duty suspensions and reductions identified above, as follows:

(1) The temporary duty suspension on methyl ester would be changed to a staged rate duty reduction and extended until December 31, 2003. (S. 2169)

(2) The temporary duty suspension on certain manufacturing equipment would be modified. (S. 2614)

(3) The temporary duty reduction on carbamic acid would be made a duty suspension and extended until December 31, 2003.

(4) The temporary duty reduction on DPX-E9260 would be made a duty suspension and extended until December 31, 2003.

#### Reason for change

This provision would enable U.S. manufacturers to reduce costs, making downstream products more competitive without jeopardizing any domestic manufacturer.

### **SUBTITLE B--OTHER TARIFF PROVISIONS**

#### **CHAPTER 1--LIQUIDATION OR RELIQUIDATION OF CERTAIN ENTRIES**

##### **Sec. 1401. CERTAIN TELEPHONE SYSTEMS**

#### Present law

Certain identified telephone system entries were liquidated by U.S. Customs.

#### Explanation of provision

This provision provides for the liquidation or reliquidation of certain identified entries in accordance with a final decision of the U.S. Department of Commerce of May 7, 1990 (A 580-803-001).

Reason for change

This provision would authorize U.S. Customs to reliquidate these entries at the correct rate of duty.

**Sec. 1402. CERTAIN IDENTIFIED COLOR TELEVISION RECEIVERS (S. 2222)**

Present law

Certain identified color television entries were liquidated by U.S. Customs.

Explanation of provision

This provision provides for the liquidation or reliquidation of certain identified color television receiver entries.

Reason for change

This provision would authorize U.S. Customs to reliquidate these entries at the correct rate of duty.

**Sec. 1403. CERTAIN IDENTIFIED ENTRIES OF COPPER AND BRASS SHEET AND STRIP (S. 2295)**

Present law

Certain identified entries of copper and brass sheet and strip entered during the period between October 18, 1986 to December 5, 1990 were liquidated by the Customs Service.

Explanation of provision

This provision provides for the liquidation or reliquidation of certain identified entries of copper and brass sheet and strip entered.

Reason for change

This provision would authorize U.S. Customs to reliquidate these entries at the correct rate of duty.

**Sec. 1404. ANTIFRICTION BEARINGS**

Present law

Certain identified entries of antifriction bearings covering the period between May 26, 1989 and April 12, 1990 were liquidated by U.S. Customs.

**Explanation of provision**

This provision would provide for the liquidation or reliquidation of certain identified entries of antifriction bearings covering the period between May 26, 1989 and April 12, 1990.

**Reason for change**

This provision would authorize U.S. Customs to reliquidate these entries at the correct rate of duty.

**Sec. 1405. OTHER ANTIFRICTION BEARINGS**

**Present law**

Certain identified entries of antifriction bearings covering the period of April 4, 1990 and May 21, 1991 were liquidated by U.S. Customs.

**Explanation of provision**

This provision would provide for the liquidation or reliquidation of certain identified entries of antifriction bearings covering the period of between April 4, 1990 and May 21, 1991.

**Reason for change**

This provision would authorize U.S. Customs to reliquidate these entries at the correct rate of duty.

**Sec. 1406. TREATMENT OF CERTAIN TITANIUM (S. 2114)**

**Present law**

The identified entries of titanium sponge were imported under HTS subheading 8108.10.5010 and subject to antidumping duties.

**Explanation of provision**

This provision provides for the liquidation or reliquidation of certain identified entries of titanium sponge covering the period between January 26, 1995 to September 25, 1995 as exempt from antidumping duties.

**Reason for change**



These entries were classified incorrectly pursuant to a Customs ruling that misidentified the product. Customs subsequently reversed this ruling and changed the classification of the product. As a result of the new classification, these entries were subject to an antidumping order by the Department of Commerce. This provision exempts the products imported under the direction of the original ruling from antidumping duties.

**Sec. 1407. LIQUIDATION OR RELIQUIDATION OF CERTAIN ENTRIES OF N,N-DICYOLOHEXYLL-2-BENSOTHAZOLE-SULFENAMIDE (S. 2171)**

**Present law**

The identified entries were imported under an incorrect HTS subheading. The correct HTS subheading was subject to a lower duty rate.

**Explanation of provision**

This provision provides for the liquidation or reliquidation of certain identified entries of N,N-dicyolohexyll-2-bensothazole-sulfenamido covering the period between February 1, 1995 and November 26, 1996 as free from duty.

**Reason for change**

This directs the U.S. Customs Service to liquidate or reliquidate these entries at the correct duty rate.

**Sec. 1408. CERTAIN ENTRIES OF TOMATO SAUCE PREPARATION (S.2196)**

**Present law**

These products were entered into the United States under HTS heading 2002.10.00, "tomatoes, prepared or preserved".

**Explanation of provision**

This provision seeks to authorize reliquidation of these entries as products of HTS heading 2103.90.60, "tomato sauce preparations."

**Reason for Change**

This directs the U.S. Customs Service to liquidate or reliquidate these entries at the correct rate of duty.

**Sec. 1409. CERTAIN TOMATO SAUCE PREPARATION ENTERED IN 1990 THROUGH 1992 (S.2197)**

Present Law

These products were entered into the United States, from 1990 through 1992, under HTS heading 2002.10.00, "tomatoes, prepared or preserved".

Explanation of provision

This provision seeks to authorize reliquidation of these entries as products of HTS heading 2103.90.60, "tomato sauce preparations."

Reason for Change

This directs the U.S. Customs Service to liquidate or reliquidate these entries at the correct rate of duty.

**Sec. 1410. CERTAIN TOMATO SAUCE PREPARATION ENTERED IN 1989 THROUGH 1995 (S.2201)**

Present Law

These products were entered into the United States, in 1989 through 1995, under HTS heading 2002.10.00, "tomatoes, prepared or preserved".

Explanation of provision

This provision seeks to authorize reliquidation of these entries as products of HTS heading 2103.90.60, "tomato sauce preparations."

Reason for Change

This directs the U.S. Customs Service to liquidate or reliquidate these entries at the correct rate of duty.

**Sec. 1411. CERTAIN TOMATO SAUCE PREPARATION ENTERED IN 1989 AND 1990 (S.2202)**

Present Law

These products were entered into the United States, in 1989 through 1995, under HTS heading 2002.10.00, "tomatoes, prepared or preserved".

Explanation of provision

This provision seeks to authorize reliquidation of these entries as products of HTS heading

2103.90.60, "tomato sauce preparations."

**Reason for Change**

This directs the U.S. Customs Service to liquidate or reliquidate these entries at the correct rate of duty.

**Sec. 1412. RELIQUIDATION OF CERTAIN ENTRIES OF NEOPRENE SYNCHRONOUS TIMING BELTS.**

**Present Law**

On March 3, 1990, entry #469-0015023-9 was levied a 74.9% anti-dumping duty. The imported product was neoprene synchronous timing belts.

**Explanation of provision**

Any amounts owed by the U.S. pursuant to the liquidation or reliquidation of the entry #469-0015023-9, with interest accrued from the date of entry, shall be paid by the Customs Service within 90 days after such liquidation or reliquidation.

**Reason for Change**

During the period of February 1, 1989, until February 31, 1990, anti-dumping duties levied on neoprene synchronous timing belts were reduced from 74.9% to 24%. Despite this reduction, entry #469-0015023-9 was still charged the full 74.9%. This provision redresses this oversight and collects sums equal to the amount of overcharged duties.

**Sec. 1413. CERTAIN DRAWBACK CLAIMS OF ORANGE JUICE**

**Present law**

Section 313(j)(2) of the Tariff Act of 1930 19 U.S.C. section 1313(j)(2) allows exporters to claim substitution of unused merchandise drawback if the substituted merchandise is "commercially interchangeable" with the imported merchandise.

**Explanation of provision**

This provision provides for the liquidation or reliquidation of the identified drawback claims of orange juice.

**Reason for change**

These drawback claims were denied in error under the definition of commercial

interchangeability provided in the Customs Modernization Act.

**Sec. 1414. CERTAIN DRAWBACK CLAIMS OF ORANGE JUICE**

Present law

Section 313(j)(2) of the Tariff Act of 1930 19 U.S.C. section 1313(j)(2) allows exporters to claim substitution of unused merchandise drawback if the substituted merchandise is "commercially interchangeable" with the imported merchandise.

Explanation of provision

This provision provides for the liquidation or reliquidation of the identified drawback claims of orange juice.

Reason for change

These drawback claims were denied in error under the definition of commercial interchangeability provided in the Customs Modernization Act.

**Sec. 1415. CERTAIN DRAWBACK CLAIMS OF ORANGE JUICE**

Present law

Section 313(j)(2) of the Tariff Act of 1930 19 U.S.C. section 1313(j)(2) allows exporters to claim substitution of unused merchandise drawback if the substituted merchandise is "commercially interchangeable" with the imported merchandise.

Explanation of provision

This provision provides for the liquidation or reliquidation of the identified drawback claims of orange juice.

Reason for change

These drawback claims were denied in error under the definition of commercial interchangeability provided in the Customs Modernization Act.

**Sec. 1416. CERTAIN DRAWBACK CLAIMS OF ORANGE JUICE**

Present law

Section 313(j)(2) of the Tariff Act of 1930 19 U.S.C. section 1313(j)(2) allows exporters to claim substitution of unused merchandise drawback if the substituted merchandise is "commercially interchangeable" with the imported merchandise.

**Explanation of provision**

This provision provides for the liquidation or reliquidation of the identified drawback claims of orange juice.

**Reason for change**

These drawback claims were denied in error under the definition of commercial interchangeability provided in the Customs Modernization Act.

**Sec. 1417. CERTAIN DRAWBACK CLAIMS OF ORANGE JUICE**

**Present law**

Section 313(j)(2) of the Tariff Act of 1930 19 U.S.C. section 1313(j)(2) allows exporters to claim substitution of unused merchandise drawback if the substituted merchandise is "commercially interchangeable" with the imported merchandise.

**Explanation of provision**

This provision provides for the liquidation or reliquidation of the identified drawback claims of orange juice.

**Reason for change**

These drawback claims were denied in error under the definition of commercial interchangeability provided in the Customs Modernization Act.

**Sec. 1418. CERTAIN DRAWBACK CLAIMS OF ORANGE JUICE**

**Present law**

Section 313(j)(2) of the Tariff Act of 1930 19 U.S.C. section 1313(j)(2) allows exporters to claim substitution of unused merchandise drawback if the substituted merchandise is "commercially interchangeable" with the imported merchandise.

**Explanation of provision**

This provision provides for the liquidation or reliquidation of the identified drawback claims of orange juice.

**Reason for change**

These drawback claims were denied in error under the definition of commercial interchangeability provided in the Customs Modernization Act.

**Sec. 1419. CERTAIN DRAWBACK CLAIMS OF ORANGE JUICE**

**Present law**

Section 313(j)(2) of the Tariff Act of 1930 19 U.S.C. section 1313(j)(2) allows exporters to claim substitution of unused merchandise drawback if the substituted merchandise is "commercially interchangeable" with the imported merchandise.

**Explanation of provision**

This provision provides for the liquidation or reliquidation of the identified drawback claims of orange juice.

**Reason for change**

These drawback claims were denied in error under the definition of commercial interchangeability provided in the Customs Modernization Act.

**CHAPTER 2--SPECIAL CLASSIFICATION RELATING TO PRODUCT  
DEVELOPMENT AND TESTING**

**Secs. 1431-1435. IMPORTING PROTOTYPES**

**Present law**

Under current law, prototypes imported into the United States for product development testing and product evaluation purposes are subject to Custom duty upon their importation into the United States unless they qualify for duty-free treatment under special trade programs or unless entered under a temporary importation bond.

**Explanation of provision**

This provision would amend chapter 98, subchapter XVII of the HTSUS by inserting a new heading 9817.85.01 for duty-free treatment of prototypes imported exclusively for development, testing, product evaluation, or quality control purposes.

### Reason for change

This provision would allow prototypes, as defined under this Act, to be imported free of duty with certain specified exceptions and restrictions, under new heading 9817.85.01 of the Harmonized Tariff Schedule of the United States.

This provision is needed because, notwithstanding that the prototypes are subject to duty when imported, U.S. Customs includes the value of the prototypes in the value of production articles which are imported later, as dutiable design and development costs. The double assessment of duties on prototypes discourages development and testing in the United States.

## CHAPTER 3--PROHIBITION ON IMPORTATION OF PRODUCTS MADE WITH DOG OR CAT FUR

### Sec. 1441-1443

#### Present law

Current law permits the imports, exports, and the domestic manufacture, sale, transportation, and introduction into interstate commerce, of products containing cat and dog fur.

#### Explanation of provision

This provision would prohibit the import, export, domestic manufacture, offer for sale, sale, transportation, or distribution of products made with dog or cat fur in the United States. The provision provides for civil and criminal penalties for violations of the ban, including forfeiture of products marketed in violation of the ban and potential debarment from engaging in importing to or exporting from the United States. The provision would authorize citizen suits to ensure enforcement of the provision and authorize the Secretary of Treasury to offer, under certain circumstances, rewards of \$500 for information concerning violations of the ban. The provision would also require the Secretary to develop a plan for effective enforcement of the provision and, not later than 1 year after the enactment of this provision, a report on the Secretary's enforcement efforts. The provision would also close an exception to the Fur Products Labeling Act in order to reinforce the effectiveness of the ban.

#### Reason for change

This provision responds to substantial evidence that products made with dog and cat fur are being imported into the United States. These products are often deceptively labeled to prevent consumers from ascertaining the true origin of the fur contained in the products they purchase in the United States. Some foreign producers house, transport, and slaughter these animals in inhumane ways.

This provision seeks to discourage these inhumane practices, and the development of any

domestic market for dog and cat fur products by prohibiting importation and exportation, as well as the domestic manufacture and marketing, of dog and cat fur products. The provision authorizes both civil and criminal penalties for violations of the law. Due to the difficulty the Customs Service has experienced in enforcing similar provisions of the customs laws, such as section 307 of the Tariff Act of 1930 relating to prison labor, the provision provides for citizen suits to assist the Secretary of the Treasury in his or her enforcement efforts. The provision also provides for continuing congressional oversight and involvement in that enforcement effort by requiring the Secretary to prepare an initial enforcement plan and to report annually to Congress on his or her enforcement efforts..

#### CHAPTER 4--MISCELLANEOUS PROVISIONS

##### **Sec. 1451. ALTERNATIVE MID-POINT INTEREST ACCOUNTING METHODOLOGY FOR UNDERPAYMENT OF DUTIES AND FEES**

###### Present law

Under current law, the discretionary authority for the Secretary of the Treasury to prescribe alternative mid-point interest accounting methodology used by importers terminates on the date on which the "Revised National Customs Automation Test Regarding Reconciliation" of the Customs Service terminates, or on October 1, 2000, whichever occurs earlier.

###### Explanation of provision

This provision makes permanent the authority of the Secretary of the Treasury to prescribe alternative mid-point interest accounting methodology used by importers.

###### Reason for change

This provision provides the Secretary of the Treasury and importers with certainty regarding accounting methodology relating to mid-point interest.

##### **SEC. 1452. EXCEPTION FROM MAKING REPORT OF ARRIVAL AND FORMAL ENTRY FOR CERTAIN VESSELS**

###### Present law

U.S. Customs regulations applicable to section 434 of the Tariff Act of 1930 (19 U.S.C. 1434) requires operators of American flag ships carrying in-bond cargo between U.S. ports to both report and enter the vessels with U.S. Customs between domestic ports. In addition, section 434 requires making formal entry for a vessel anchored at Belle Isle Anchorage, Port of Detroit, Michigan, awaiting availability of cargo or for taking on a pilot or awaiting pilot services, prior to proceeding to the Port of Toledo-Sandusky, Ohio.

###### Explanation of provision



This provision adds a seventh exception to the list of six existing exceptions from making formal entry for a vessel transporting bonded cargo, and for a vessel required to anchor at Belle Isle Anchorage, Port of Detroit, Michigan, while awaiting the availability of cargo or for the purpose of taking on a pilot or awaiting pilot services, prior to proceeding to the Port of Toledo-Sandusky, Ohio.

#### Reason for change

This provision would eliminate the burden of requiring a vessel carrying bonded merchandise to make entry of the vessel between domestic ports. The provision would also eliminate the burden of a vessel making entry at Port of Detroit, Michigan and again at the port of Toledo, Ohio, for a vessel anchored at Port of Detroit, Michigan, while awaiting the availability of cargo or for the purpose of taking on a pilot or awaiting pilot services, prior to proceeding to the Port of Toledo, Ohio.

### **SEC. 1453. DESIGNATION OF SAN ANTONIO INTERNATIONAL AIRPORT FOR CUSTOMS PROCESSING OF CERTAIN PRIVATE AIRCRAFT ARRIVING IN THE UNITED STATES**

#### Present law

Private aircrafts are not permitted to land at San Antonio International Airport, Texas. Such aircrafts may land in Texas cities as Beaumont, Brownsville, Corpus Christi, Del Rio, Eagle Pass, El Paso, Houston, Laredo, McAllen, Presidio and Midland, which have been designated as entry points for Customs processing of private aircraft 19 CFR subpart C, Part 122.24).

#### Explanation of provision

This provision would designate the San Antonio International Airport in San Antonio, Texas, for a period of two years, as an airport at which private aircraft arriving in the United States from a foreign area and having a final destination in the United States may land for processing by the Customs Service in accordance with section 122.24(b) of title 19, Code of Federal Regulations (19 C.F.R. 122.24(b)). This provision also requires the Commissioner of Customs to prepare and submit to Congress a report on the implementation of this section for 2001 and 2002.

#### Reason for change

San Antonio is a growing international business development area, in large part due to increased trade with Mexico. Permitting private aircrafts to land there as a point of entry to the United States is vital to the continued success of the city's economic growth. At the same time, the Committee recognizes the need to evaluate new points of entry, and, therefore, setting a 2-year limit allows Customs to review the impact of this added designation.

### **SEC. 1454. INTERNATIONAL TRAVEL MERCHANDISE (ITM)**

### Present law

Section 555 of the Tariff Act of 1930 (19 U.S.C. 1555) provides for the storage of International Travel Merchandise (ITM) in a customs bonded warehouse (CBW). Industry practice has been to shuttle carts, containing merchandise subject to sale aboard an aircraft outside the U.S., between the plane and a U.S.-based CBW for purposes of replenishment. Technically, the law requires that merchandise arriving at a CBW be entered for warehouse and then withdrawn as it leaves the CBW, which permits manipulation of the merchandise within the CBW (replenishing depleted stock, removing outdated or damaged stock, and replacing with new goods), while providing assurance that bonded merchandise is fully accounted to Customs.

### Explanation of provision

This provision would amend section 555 of the Tariff Act of 1930 (19 U.S.C. 1555) by adding a new subsection to clarify existing law relating to bonded warehouse storage of international travel merchandise (ITM). This provision would codify current practice where only merchandise that is taken from the cart (in order to retire it from stock) is entered and only merchandise that is used to replenish the cart is withdrawn, while keeping in place safeguards for Customs to ensure accountability of bonded merchandise.

### Reason for change

A cart is usually shuttled to the CBW for replenishment of only a small amount of stock. However, under current law, the contents of the entire cart must be entered and then withdrawn, even though only a small amount of merchandise is actually being added to the cart. This process of entry and immediate withdrawal of a cart's residual stock must take place thousands of times a day throughout the United States, producing reams of entry and withdrawal documents and creating paperwork that burdens the CBW operator and impedes Customs' ability to manage the process.

Industry practice has been to maintain a secure area immediately outside the CBW where stock is manipulated: only merchandise that is taken from the cart (in order to retire it from stock) is entered and only merchandise that is used to replenish the cart is withdrawn. This reduces the volume of entry and withdrawal documents substantially. This provision would permit this savings, while keeping in place safeguards for Customs to ensure accountability of bonded merchandise.

## **SEC. 1455. GOODS U.S. TRAVELERS PURCHASE ABROAD AND RETURN WITH TO THE UNITED STATES**

### Present law

Currently, U.S. residents traveling abroad are entitled to \$400 duty free allowance upon their return to the U.S. for purchases made abroad. Purchases for personal and household use, accompanying the returning traveler in excess of the \$400 duty free allowance, are subject to flat

rate of duty of 10%, if the person claiming the benefit has not received the benefit within the past thirty days. In addition, non-commercial importations from U.S. insular possessions (American Samoa, Guam, or the U.S. Virgin Islands) are subject to a 5% rate of duty.

#### Explanation of provision

This provision would amend subchapter XVI of chapter 98 of the HTSUS to provide staged reductions of duty rates applicable to merchandise accompanying persons entering the United States, and merchandise from American Samoa, Guam, or the Virgin Islands of the United States. Specifically, the proposed legislation would provide a staged reduction of the current 10% duty-rate applicable to articles accompanying a person arriving in the United States. The proposed staged reductions are as follows: 5% effective January 1, 2000, 4% effective January 1, 2001, and 3% effective January 1, 2002. The bill would also provide a staged reduction of the current 5% rate of duty for articles imported from American Samoa, Guam, or the Virgin Islands of the United States. The proposed staged reductions are as follows: 3% effective January 1, 2000, 2% effective January 1, 2001, and 1.5% effective January 1, 2002.

#### Reason for change

Under the North American Free Trade Agreement and the Uruguay Round Agreements Act, tariffs on merchandise entering the United States have undergone significant staged reductions or eliminations. As a result, the average rate for dutiable merchandise imported into the United States is now well under 5%. However, during this time, the rate of duty that Americans pay for goods they bring back with them after traveling abroad remains disproportionately high at 10%, and the rate of duty for goods from American Samoa, Guam, and the Virgin Islands of the United States has remained unchanged at 5%. These outdated rates have not changed in 12 years, and do not give the American travelers the benefit of U.S. trade negotiations and duty reductions. This provision would bring the duty rate of merchandise accompanying travelers closer to the average rate of dutiable merchandise entering the United States, and lower the duty rate for merchandise from American Samoa, Guam, and the Virgin Islands of the United States.

#### **SEC. 1456. PERSONAL EFFECTS OF PARTICIPANTS IN, OFFICIALS OF, AND ACCREDITED MEMBERS OF DELEGATIONS TO, INTERNATIONAL ATHLETIC EVENTS HELD IN THE UNITED STATES NOT INTENDED FOR SALE OR DISTRIBUTION IN THE UNITED STATES**

##### Present law

Personal effects of participants in, officials of, and accredited members of delegations to, international athletic events held in the United States not intended for sale or distribution in the United States are exempt from duty until December 31, 2002.

##### Explanation of provision

This provision would amend subchapter XVII of chapter 98 of the HTSUS by inserting a new

heading 9817.60.00 for duty free treatment of the personal effects of participants in, officials of, and accredited members of delegations to, international athletic events held in the United States provided that these items are not intended for sale or distribution in the United States. H.R. 2715 would also exempt the articles covered under this provision from taxes and fees and would give the Secretary of the Treasury discretion to determine which athletic events, articles, and persons are covered under this provision.

Reason for change

The Committee recognizes the importance of international athletic events and the tremendous efforts of the athletes and participants. Although athletes and other officials connected with certain sporting events are currently afforded duty free treatment for their personal belongings and equipment under current law, such treatment will expire in December 2002. This legislation will give athletes and participants of future competitions certainty regarding their future duty liability.

**SEC. 1457. COLLECTION OF FEES FOR CUSTOMS SERVICES FOR ARRIVAL OF CERTAIN FERRIES**

Present law

Current law prohibits U.S. Customs from collecting fees in connection with the arrival of any ferry.

Explanation of provision

This provision amends section 13031(b)(1)(A)(iii) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(b)(1)(A)(iii)) to allow for the collection of fees for Customs services for the arrival of certain ferries.

Reason for change

Limitations on certain customs user fees established under section 13031(b)(1)(A)(iii) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(b)(1)(A)(iii)) have prevented U.S. Customs from issuing lading rights to ferries arriving in the south Florida costal region. This provision will authorize U.S. Customs to collect user fees and issue lading rights to certain ferries whose operations began on or after August 1, 1999, and operate south 27 degrees latitude and east of 89 degrees longitude.

**SEC. 1458. ESTABLISHMENT OF DRAWBACK BASED ON COMMERCIAL INTERCHANGEABILITY FOR CERTAIN RUBBER VULCANIZATION ACCELERATORS.**

Present law

Section 313(j)(2) of the Tariff Act of 1930 19 U.S.C. section 1313(j)(2) allows exporters to claim

substitution unused merchandise drawback if the substituted merchandise is "commercially interchangeable" with the imported merchandise. The term "commercially interchangeable" is not defined in the statute, and there is uncertainty as to whether the chemicals N-cyclohexyl-2-benzothiazolesulfenamide ("CBS") and N-tert-Butyl-2-benzothiazolesulfenamide ("TBBS") are commercially interchangeable for drawback purposes.

#### Explanation of provision

This provision would amend section 313(j)(2) of the Tariff Act of 1930 (19 U.S.C. 1313(j)(2)) to provide that chemicals N-cyclohexyl-2-benzothiazolesulfenamide ("CBS") and N-tert-Butyl-2-benzothiazolesulfenamide ("TBBS") are commercially interchangeable for drawback purposes.

#### Reason for change

Based on the legislative history of the amendment to the drawback statute, which changed the criteria for substitution drawback from a fungibility to a commercial interchangeability standard, (H.R. Rept. No. 103 361, 103rd Cong., 1st Sess. (1993) at 131), the Committee has determined that chemicals N-cyclohexyl-2-benzothiazolesulfenamide ("CBS") and N-tert-Butyl-2-benzothiazolesulfenamide ("TBBS") fit the commercial interchangeability standard. This determination is based on the specific facts regarding these two chemicals: the sole active component of each chemical is identical; and when used in a finished product, the functionality of both chemicals is indistinguishable by the customer and scientist. Both chemicals were originally classified within the same tariff number but subsequently changed in order to provide preferential GSP treatment to one of the chemicals, not for reasons relating to their identity of chemical structure by molar weight or functionality. In addition, the principal customers of both chemicals have stated in writing that both chemicals are used for the same purposes--to aid vulcanization in the processing of rubber, and they that perform the same function, are utilized on the same equipment, and are purchased on the market the same relative value.

### SEC. 1459. CARGO INSPECTION

#### Present law

Section 58(b) of the Tariff Act of 1930 (19 U.S.C. Section(s) 58(b)) authorizes the Secretary of Treasury to make customs services available for a fee at certain small airports. Section 2425 of the Miscellaneous Trade and Technical Corrections Act of 1999 (113 Stat. 127, 181), authorized the Commissioner of Customs to establish a fee-for-service pilot program for fiscal year 1999 at an international airport located at a seaport that serviced more than 185,000 tons of air cargo in 1997. Broward County entered into an agreement with U.S. Customs to provide 24 hours cargo service for one year. That agreement will expire September 2000. U.S. Customs currently provides passenger clearance service five days per week between the hours of 9 a.m. and 5 p.m.

### Explanation of provision

This provision would authorize the Commissioner of Customs to implement a fee-for-service agreement with Broward County to provide customs service for a period of two years, renewable thereon an annual basis at the Fort Lauderdale-Hollywood International Airport. This fee for service is for cargo processing only, and includes providing the necessary infrastructure, and other services for cargo clearance. When such services have been provided for at least a period of two years on a fee-for-service basis and commercial consumption level reaches 29,000 entries per year, Customs will continue to provide all such service, and no other charges, other than those fees authorized by section 13031(a) of the consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. Section(s) 58(b)), may be collected for those services.

### Reason for change

The fee-for-service agreement between Broward County and U.S. Customs has expired, and Broward County continues to require this service. This provision will allow U.S. Customs to continue this fee-for-service arrangement for at least two more years. The agreement may be renewed, or if after this time, consumption level at the airport reaches 29,000 entries per year, U.S. Customs will continue to all such service, and no other charges, other than those fees authorized by section 13031(a) of the consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. Section(s) 58(b)), may be collected for those services.

## **SEC. 1460. TREATMENT OF CERTAIN MULTIPLE ENTRIES OF MERCHANDISE AS SINGLE ENTRY**

### Present law

Current law requires that the goods be classified in the condition as they arrive. This includes large articles, particularly machinery, which may not be able to fit on a single conveyance, particularly a truck or plane. In addition, it is common that in air shipments, particularly, adjustments are made to the amount of cargo laden because of flight conditions. As a result of these shipping conditions, parts of entires do not arrive together, which causes classification or entry problems with Customs.

### Explanation of provision

This provision will amend section 1484 of title 19 to provide authority to U.S. Customs to treat goods purchased and invoiced as a single entity and shipped unassembled or disassembled in separate shipments over a period of time as a single transaction for Customs entry purposes. The provision requires importers to request such treatment in advance of entry, and also requires the Secretary of Treasury to issue regulations setting forth the information required for this type of entry.

### Reason for change

The proposed changes, supported by both importers and the Customs Service, are needed to address large shipments that cannot be shipped as an entirety.

#### **SEC. 1461. REPORT ON CUSTOMS PROCEDURES**

##### **Present law**

Currently Customs "entry" process is divided into two parts: "entry" and "entry summary." In the last fiscal year 21.4 million entries were filed with Customs, more than 98% of them electronically. The importer has the option of filing all the data at once or in separate transmissions. The Bureau of Census receives electronically from Customs on a weekly basis so that it may be used in compiling the "Balance of Trade" report.

##### **Explanation of the provision**

The provision requires the Secretary of the Treasury, in consultation with U.S. importers and other interested parties, to review customs procedures, laws, and regulations relating to the entry of merchandise and conveyances into the United States, and to report to Congress within 180 days from the effective date of this Act, changes that should be made to reduce the reporting and record retention requirements.

##### **Reason for change**

The Committee is concerned that the collection of import data may be overly time consuming and unnecessarily costly and would like to explore a system of periodically reporting the data on aggregate basis. In addition, the Committee wishes to examine what data is necessary at time of cargo release in order to determine admissibility. It is expected that the study will provide the factual basis for evaluation of the current statistical collection system and consideration of possible changes to it.

#### **Sec. 1462. TO AUTHORIZE PAYMENT OF DRAWBACK WHERE IMPORTED GOODS ARE RECYCLED RATHER THAN DESTROYED.**

##### **Present Law**

Under existing U.S. Customs Law (19 USC 1313 (c)) an importer may be eligible for duty drawback (refund of 99% of the import customs duty paid) on products that are returned to the importer and are determined to be manufacturer defectives. The statutory purpose of this provision is to reimburse importers for import duties paid on product that is not consumed within U.S. commerce. To be eligible for defective product duty drawback, the product must either be: completely destroyed to the extent that the product has no commercial value; or exported out of the United States. The purpose of the destruction or export requirement is to ensure that the importer does not benefit unfairly by collecting drawback as well as being compensated for the resale of the defective product.

#### Explanation of provision

This provision expands the definition of "destruction" to include any act in which materials are recovered from the destroyed merchandise.

#### Reason for Change

This provision will create an economic incentive for importers to recycle their defective goods rather than simply destroy them.

#### **Sec. 1463. GREY MARKET TOBACCO.**

##### Present Law

Pursuant to Section 9302 of the Balanced Budget Act of 1997, it is illegal to reimport "export label" tobacco products into the United States.

##### Changes to Law

This provision will ban "foreign source" tobacco products not intended for sale or consumption in the United States and provide that previously exported tobacco products may be re-imported only to the original manufacturer, or its authorized warehouse or agent. It imposes criminal penalties on the pre-export diversion of tobacco products manufactured domestically for export only, and makes all "export label" tobacco products contraband by a date certain. Finally, this section requires the forfeiture and destruction of all seized gray market and black market tobacco products and clarifies the law governing the purchases of tobacco products for personal use at duty-free stores.

##### Reason for Changes

Gray market tobacco products are products manufactured for sale in foreign markets that are diverted into the United States by third parties for domestic sale. Gray market cigarettes are a public health risk because they may not comply with federal health warning label requirements and they also tend to be sold at lower prices, undercutting wholesalers and retailers who comply with the law. Gray market tobacco sales also result in reduced annual payments to the states and tobacco growers under the Master Settlement Agreement because these payments are the nationwide domestic sales volumes of participating tobacco manufacturers. This occurs because sales of diverted product are not counted as part of the manufacturer's domestic sales.

#### **Subtitle C--Effective Date**

#### **Sec. 1471. EFFECTIVE DATE.**



Except as otherwise provided in this title, the amendments made by this title shall apply with respect to goods entered, or withdrawn from warehouse, for consumption, on or after the 15th day after the date of enactment of this Act.

## **TITLE II--OTHER TRADE PROVISIONS**

### **Sec. 2001. TRADE ADJUSTMENT ASSISTANCE FOR CERTAIN WORKERS AFFECTED BY ENVIRONMENTAL REMEDIATION AFTER CLOSURE OF A COPPER MINING FACILITY**

#### **Present law**

Title II of the Trade Act of 1974, as amended, authorizes trade adjustment assistance (TAA) in the form of training and income support for workers adversely affected by import competition. Under the TAA program, a worker must be certified by the Secretary of Labor as eligible for benefits before applying for assistance. Workers are not eligible to apply for benefits, however, if they become separated from employment after the expiration for the 2-year period subsequent to issuance of the certification by the Secretary.

#### **Explanation of provision**

The provision provides that workers at a copper mining facility in White Pine, Michigan who were employed at the time of the original certification and remained to conduct environmental remediation shall be eligible to apply for TAA program benefits, regardless of their date of separation.

#### **Reason for change**

The workers at a copper mining facility in White Pine, Michigan received TAA certification in 1995 because of increased import competition from Canada. The workers were re-certified in 1997 while the mine continued to close. Although the mine ceased operations in 1997, a group of workers, employed at the mine at the time the company was first certified, will remain through 2001 to complete federally mandated environmental remediation. The provision establishes TAA eligibility for these workers, notwithstanding the date when the mine ceased production.

## **TITLE III - EXTENSION OF NONDISCRIMINATORY TREATMENT TO GEORGIA**

### **Sec. 3001-3002. FINDINGS AND TERMINATION OF THE APPLICATION OF TITLE IV OF THE TRADE ACT OF 1974**

#### **Present law**

Georgia's NTR status is currently governed by Title IV of the Trade Act of 1974, as amended by the Customs and Trade Act of 1990 (title IV). Section 402 of title IV (also known as the

Jackson-Vanik amendment) sets forth requirements relating to freedom of emigration, which must be met or waived by the President in order for the President to grant nondiscriminatory normal trade relations (NTR) status to a non-market economy countries. Title IV also requires that a trade agreement remain in force between the United States and a non-market economy country receiving NTR status and sets forth minimum provisions which must be included in such agreement.

Georgia, which was granted NTR in 1992, was found to be in full compliance with the Jackson-Vanik freedom of emigration requirements on June 3, 1997. Since then, NTR has been granted to Georgia subject to semiannual review, and disapproval by a Joint Resolution of Congress.

#### Explanation of provision

The Committee recognizes that title IV of the Trade Act of 1974 has promoted the right to emigrate. Since the dissolution of the Soviet Union, minority groups have secured the return of communal properties confiscated during the Soviet period, thereby facilitating the reemergence of communal organizations and participation in domestic affairs. The report on compliance with the emigration provisions of title IV, finds that Georgia is in compliance with the emigration provisions of title IV. The Committee finds that Georgia should be graduated from title IV, thereby permitting the extension of permanent normal trade relations.

With respect to national minorities, the Committee notes that the member states of the Organization for Security and Cooperation in Europe (OSCE), including the former USSR and its successor states, have committed to "adopt, where necessary, special measures for the purpose of ensuring to persons belonging to national minorities full equality.....individually as well as in community with other members of their group."

**MODIFICATIONS TO THE CHAIRMAN'S MARK**

**TARIFF SUSPENSION AND TRADE ACT OF 2000  
H.R. 4868**

**Senate Committee on Finance  
September 19, 2000**

Additions:

**Addition 1. CERTAIN PRINTING CARTRIDGES**

Present law

The identified headings were imported under an incorrect HTS subheading. The correct HTS subheading was subject to a lower duty rate.

Explanation of provision

This provision provides for the liquidation or reliquidation of certain identified entries of printing cartridges.

Reason for change

This directs the U.S. Customs Service to liquidate or reliquidate these entries at the correct duty rate.

**Addition 2: REPORT ON THE OPERATION OF THE TRADE AGREEMENTS PROGRAM**

Present law

Since 1975, Congress authorized the U.S. International Trade Commission (ITC) to submit a report to Congress at least once a year on the operation of the trade agreements program. This authorization was inadvertently canceled effective May 15, 2000 by section 3003 of the Federal Reports Elimination and Sunset Act of 1995, Pub. L. 104-66, Title III, sec. 3003, 109 Stat. 734.

Explanation of provision

This provision would reauthorize the ITC to provide a report on the operation of the trade agreements program to Congress at least once a year.

Reason for change

The Committee believes that the ITC's report on the Operation of the Trade Agreements Program (also known as "The Year in Trade") provides valuable information to Congress as it considers trade legislation. The Committee, therefore, believes that this report should be reauthorized.

**Addition 3: NATIONAL TRADE ESTIMATE REPORT ON FOREIGN TRADE BARRIERS**

#### Present law

Section 181 of the Trade Act of 1974, as amended, directed the United States Trade Representative (USTR) to report annually on foreign trade barriers. This mandate was inadvertently canceled effective May 15, 2000 by section 3003 of the Federal Reports Elimination and Sunset Act of 1995, Pub. L. 104-66, Title III, sec. 3003, 109 Stat. 734.

#### Explanation of provision

This provision would direct USTR to submit to Congress an annual report on foreign trade barriers.

#### Reason for change

The Committee believes that USTR's report, known as "The National Trade Estimate Report on Foreign Trade Barriers" provides valuable information to Congress as it reviews trade policy and legislation. The Committee, therefore, believes that this report should be reauthorized.

#### **Addition 4: COBALT BORON (S. 2153)**

##### Present law

Colbalt boron (provided for in subheading 8105.10.30) is subject to an NTR duty rate of 4.4% ad valorem.

##### Explanation of provision

This provision would amend chapter 99, subchapter II of the HTSUS by inserting a new heading for Colbolt boron (provided for in subheading 8105.10.30), as duty free until December 31, 2003.

##### Reason for change

This provision would enable U.S. chemical manufacturers to reduce costs, making the chemicals and downstream product industries more competitive without jeopardizing any domestic manufacturer.

#### **Addition 5: CERTAIN STEAM AND OTHER VAPOR GENERATING BOILERS USED IN NUCLEAR FACILITIES (HOUSE PROVISION SEC. 1250)**

##### Present law

Watertube boilers with a steam production exceeding 45 t per hour, for use in nuclear facilities (provided for in subheading 8402.11.00), are subject to NTR duty rates of 5.2% ad valorem.

### Explanation of Provision

The provision amends subchapter II of chapter 99 of the HTSUS by inserting a new subheading for watertube boilers with a steam production exceeding 45 t per hour, for use in nuclear facilities (provided for in subheading 8402.11.00), with a duty reduction to 4.9% ad valorem until December 31, 2003.

The duty reduction applies only to those binding contracts that have been entered into on or before the date of enactment of this Act and does not apply to any contracts entered into after such date.

### Reason for change

This duty reduction will reduce costs to nuclear power facilities operators, and the Committee expects that these savings will be passed directly and entirely to the consumer.

### **Addition 6: FIPRONAL TECHNICAL (S. 2577, HOUSE PROVISION SEC. 1245)**

#### Present Law

Fipronal Technical (CAS No. 120068-37-3) (provided for in subheading 2933.19.23) is subject to an NTR duty rate of 9.3% ad valorem.

### Explanation of Provision

This provision amends subchapter II of chapter 99 of the HTSUS by inserting in a new heading for Fipronal Technical (CAS No. 120068-37-3) (provided for in subheading 2933.19.23), with a duty reduction to 5% ad valorem until December 31, 2003.

### Modifications:

#### **Modification 1: SEC. 1441-1443 PROHIBITION ON IMPORTATION OF PRODUCTS MADE WITH DOG OR CAT FUR – P. 97 OF CHAIRMAN'S MARK**

Delete provision authorizing citizen suits. Limit civil penalties to \$10,000 per shipment for knowing and willful violations of the ban; \$5,000 per shipment for gross negligence. Clarify that use of debarment from importing and exporting fur products as a civil penalty would be limited to instances of serious, repeated violations of the ban. Clarify that U.S. government bears the burden of proof in any enforcement action and that U.S. purchasers would benefit from an affirmative defense if they can demonstrate they exercised reasonable care in their purchase of the items violating the ban. Add the following: (1) direct the U.S. Customs Service to develop and publish a list of denied parties known to have engaged in trade in dog and cat fur in order to better inform U.S. entities engaged in the fur trade; (2) direct the U.S. Customs Service to develop a program of certifying U.S. and foreign laboratories to which U.S. purchasers of fur products could obtain

reliable assessments of whether products they intend to purchase are made with dog or cat fur, and (3) direct the Secretary of the Treasury to investigate and report to Congress on any instances of a pattern or practice of government support for trade in dog and cat fur products.

**Modification 2: SEC. 1256 STAINLESS STEEL RAILCAR BODY SHELLS (S. 2495) - P. 80 OF CHAIRMAN'S MARK**

Line 3 of the explanation of the provision should read "which are designed for gallery type railway cars each having an aggregate capacity of 138 passengers on two"

**Modification 3: SEC. 1257 STAINLESS STEEL RAILCAR BODY SHELLS OF 100-PASSENGER CAPACITY (S. 2496) - P. 80 OF CHAIRMAN'S MARK**

Strike "100" in the section heading and in line 4 of the explanation of provision and replace with 148.

**Deletions:**

**Deletion 1: SEC. 1267 CERTAIN R-CORE (S. 2166) - P. 85 OF CHAIRMAN'S MARK**

**Present law**

Certain R-core is classifiable under HTS subheading 8504.31.40 and is subject to an NTR duty rate of 6.6% ad valorem.

**Explanation of provision**

This provision would amend subchapter II of chapter 99 of the HTSUS by inserting in numerical sequence the new heading 9902.85.05 120 volt/60Hz electrical transformers (provided for in subheading 8504.31.40), with dimensions not exceeding 85mm by 72mm by 45.7mm but at least 76mm by 50mm by 25mm and each containing a layered and uncut round core with two balanced bob-bins, the foregoing rated at less than 40VA but greater than 33.2 VA with a rating number of R25, as duty free until December 31, 2003.

**Reason for change**

This provision would enable U.S. manufacturers of these products to reduce costs, making the products more competitive without jeopardizing any domestic manufacturer

**Deletion 2: SEC. 1406. TREATMENT OF CERTAIN TITANIUM (S. 2114) - P. 90 OF CHAIRMAN'S MARK**

**Modification 4: SEC. 1463**

**GREY MARKET TOBACCO - P. 106 OF  
CHAIRMAN'S MARK**

Strike "to" in line 3 of the Changes to Law section and replace with "by".



**Modification 5:**      **SEC. 1456**      **PERSONAL EFFECTS OF PARTICIPANTS  
IN, OFFICIALS OF, AND ACCREDITED MEMBERS  
OF DELEGATIONS TO, INTERNATIONAL  
ATHLETIC EVENTS HELD IN THE  
UNITED STATES NOT INTENDED FOR SALE  
OR DISTRIBUTION IN THE UNITED STATES**

Line 3 of the explanation of the provision - add “, including the paralympics,” after the word “events”.

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*Frank N. Inoué*

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IN THE SENATE OF THE UNITED STATES

Mr. MURKOWSKI of Alaska introduced the following bill: which was referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Tariff Act of 1930 to modify the provisions relating to drawback claims, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. ESTABLISHING METHYL TERTIARY BUTYL ETHER AS COMMERCIALY INTERCHANGEABLE FOR DRAWBACK CLAIMS.**

(a) IN GENERAL- Exports of methyl tertiary butyl ether (MTBE) shall be treated as 'commercially interchangeable' with imports of MTBE within the meaning of section 313 of the Tariff Act of 1930 (19 U.S.C. 1313) for purposes of permitting drawback under section 313 of the Tariff Act of 1930 (19 U.S.C. 1313.).

(b) (b) EFFECTIVE DATE.--- The amendment made by this Section shall take effect on the date of the enactment of this Act, and shall apply to any entry or claim for drawback filed for MTBE under section 313 of the Tariff Act of 1930 prior to June 25, 1999.

②

Frank W. Murphy

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives. (Introduced in the Senate)

S \_\_\_\_ IS

106th CONGRESS

2d Session

S. \_\_\_\_\_

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

**IN THE SENATE OF THE UNITED STATES**

September \_\_\_\_, 2000

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

**A BILL**

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. THE ADDITION OF QUALIFIED ARTICLES FOR SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.**

(a) IN GENERAL- Section 313(p)(3)(A)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(A)(i)(I)) is amended by inserting '3811.90' in appropriate numerical order after '2909.19.14'.

(b) EFFECTIVE DATE- The amendments made by this section shall take effect on the date of enactment of this Act, and shall apply to drawback claims filed on or after such date and to drawback entries made before such date if the liquidation of the entry is not final on such date.

③  
*Frank W. Murphy*

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives. (Introduced in the Senate)

S \_\_\_\_\_ IS

106th CONGRESS

2d Session

S. \_\_\_\_\_

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

IN THE SENATE OF THE UNITED STATES

September \_\_\_\_, 2000

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

A BILL

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, .*

**SECTION 1. THE ADDITION OF QUALIFIED ARTICLES FOR SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.**

(a) IN GENERAL- Section 313(p)(3)(A)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(A)(i)(I)) is amended by inserting '3811.21' in appropriate numerical order after '2909.19.14'.

(b) EFFECTIVE DATE- The amendments made by this section shall take effect on the date of enactment of this Act, and shall apply to drawback claims filed on or after such date and to drawback entries made before such date if the liquidation of the entry is not final on such date.

④

Frank W. Murkowski

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives. (Introduced in the Senate)

S \_\_\_\_ IS

106th CONGRESS

2d Session

S. \_\_\_\_\_

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IN THE SENATE OF THE UNITED STATES

September \_\_\_\_, 2000

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

A BILL

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.*

**SECTION 1. THE ADDITION OF QUALIFIED ARTICLES FOR SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.**

(a) IN GENERAL- Section 313(p)(3)(A)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(A)(i)(I)) is amended by inserting ', and 2926.10' in appropriate numerical order after '2909.19.14'.

(b) EFFECTIVE DATE- The amendments made by this section shall take effect on the date of enactment of this Act, and shall apply to drawback claims filed on or after such date and to drawback entries made before such date if the liquidation of the entry is not final on such date.

5

Frank W. Murkowski

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives. (Introduced in the Senate)

S \_\_\_\_\_ IS

106th CONGRESS

2d Session

S. \_\_\_\_\_

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

IN THE SENATE OF THE UNITED STATES

September \_\_\_\_, 2000

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

A BILL

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.*

**SECTION 1. THE ADDITION OF QUALIFIED ARTICLES FOR SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.**

(a) IN GENERAL- Section 313(p)(3)(A)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(A)(i)(I)) is amended by inserting ', 2917.36, 2917.39.04 and 2917.39.15,' in appropriate numerical order after '2909.19.14'.

(b) EFFECTIVE DATE- The amendments made by this section shall take effect on the date of enactment of this Act, and shall apply to drawback claims filed on or after such date and to drawback entries made before such date if the liquidation of the entry is not final on such date.

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Frank W. Turner

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives. (Introduced in the Senate)

S \_\_\_\_ IS

106th CONGRESS

2d Session

S. \_\_\_\_\_

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

IN THE SENATE OF THE UNITED STATES

September \_\_\_\_, 2000

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

A BILL

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. THE ADDITION OF QUALIFIED ARTICLES FOR SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.**

(a) IN GENERAL- Section 313(p)(3)(A)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(A)(i)(I)) is amended by inserting '2709' in appropriate numerical order after '2708.'

(b) EFFECTIVE DATE- The amendments made by this section shall take effect on the date of enactment of this Act, and shall apply to drawback claims filed on or after such date and to drawback entries made before such date if the liquidation of the entry is not final on such date.

⑦  
*Frank W. Murkowski*

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives. (Introduced in the Senate)

S \_\_\_\_\_ IS

106th CONGRESS

2d Session

S. \_\_\_\_\_

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

IN THE SENATE OF THE UNITED STATES

September \_\_\_\_, 2000

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

A BILL

To amend section 313 of the Tariff Act of 1930 to add products to the list of qualified articles for substitution of finished petroleum derivatives.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. THE ADDITION OF QUALIFIED ARTICLES FOR SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.**

(a) IN GENERAL- Section 313(p)(3)(A)(i)(I) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(A)(i)(I)) is amended by inserting '2903.21' in appropriate numerical order after '2902'.

(b) EFFECTIVE DATE- The amendments made by this section shall take effect on the date of enactment of this Act, and shall apply to drawback claims filed on or after such date and to drawback entries made before such date if the liquidation of the entry is not final on such date.



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Frank W. Murkowski

To amend section 313 of the Tariff Act of 1930 with respect to the designation of qualified articles as commercially interchangeable for substitution of finished petroleum derivatives. (Introduced in the Senate)

S \_\_\_\_ IS

106th CONGRESS

2d Session

S. \_\_\_\_\_

To amend section 313 of the Tariff Act of 1930 with respect to the designation of qualified articles as commercially interchangeable for substitution of finished petroleum derivatives.

IN THE SENATE OF THE UNITED STATES

September \_\_\_\_, 2000

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

A BILL

To amend section 313 of the Tariff Act of 1930 with respect to the designation of qualified articles as commercially interchangeable for substitution of finished petroleum derivatives.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

**SECTION 1. DESIGNATION OF QUALIFIED ARTICLES AS COMMERCIALY INTERCHANGEABLE FOR SUBSTITUTION OF FINISHED PETROLEUM DERIVATIVES.**

(a) IN GENERAL- Section 313(p)(3)(B) of the Tariff Act of 1930 (19 U.S.C. 1313(p)(3)(B)) is amended by inserting 'in effect on January 1, 2000' after the phrase 'United States' and before the phrase 'as a qualified article'.

(b) EFFECTIVE DATE- The amendments made by this section shall take effect on the date of enactment of this Act, and shall apply to drawback claims filed on or after such date and to drawback entries made before such date if the liquidation of the entry is not final on such date.

9

Frank W. Thompson

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106TH CONGRESS  
2D SESSION

## S. 2158

To amend the Harmonized Tariff Schedule of the United States to eliminate the duty on certain steam or other vapor generating boilers used in nuclear facilities.

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IN THE SENATE OF THE UNITED STATES

MARCH 2, 2000

Mr. MURKOWSKI (for himself, Mr. THOMPSON, and Mr. GRAMS) introduced the following bill; which was read twice and referred to the Committee on Finance

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### A BILL

To amend the Harmonized Tariff Schedule of the United States to eliminate the duty on certain steam or other vapor generating boilers used in nuclear facilities.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled.*

3 **SECTION 1. ELIMINATION OF DUTY ON CERTAIN STEAM OR**  
4 **OTHER VAPOR GENERATING BOILERS.**

5 (a) IN GENERAL.—Chapter 84 of the Harmonized  
6 Tariff Schedule of the United States is amended by strik-  
7 ing subheading 8402.11.00 and inserting the following  
8 new subheadings and superior text thereto, with such text

1 having the same degree of indentation as the article de-  
 2 scription for subheading 8402.12.00:

8402.11	Water-tube boilers with a steam production exceeding 45 4 per hour	Free		
8402.11.10	For use in nuclear facilities	Free	Free (A, CA, E, H, J, MX)	15%
8402.11.20	Other	5.2%		15%

3 (b) STAGED RATE REDUCTIONS.—Any staged rate  
 4 reduction that was proclaimed by the President before the  
 5 date of the enactment of this Act, to take effect on or  
 6 after the date of the enactment of this Act, of a rate of  
 7 duty set forth in subheading 8402.11.00 of the Har-  
 8 monized Tariff Schedule of the United States shall apply  
 9 to the corresponding rate of duty in subheading  
 10 8402.11.20 of such Schedule (as added by subsection (a)).

11 (c) EFFECTIVE DATE.—

12 (1) IN GENERAL.—The amendment made by  
 13 subsection (a) applies with respect to goods entered,  
 14 or withdrawn from warehouse for consumption, on  
 15 or after the 15th day after the date of the enact-  
 16 ment of this Act.

17 (2) RETROACTIVE APPLICATION.—Notwith-  
 18 standing section 514 of the Tariff Act of 1930 or  
 19 any other provision of law and subject to paragraph  
 20 (3), any article described in subheading 8402.11.10  
 21 of the Harmonized Tariff Schedule of the United  
 22 States (as added by subsection (a)) that was en-

1       tered, or withdrawn from warehouse for  
2       consumption—

3               (A) on or after January 1, 2000, and

4               (B) before the date that is 15 days after  
5       the date of the enactment of this Act,

6       shall be liquidated or reliquidated as if such sub-  
7       heading 8402.11.10 applied to such entry or with-  
8       drawal, and the Secretary of the Treasury shall re-  
9       fund any excess duty paid with respect to such  
10      entry.

11      (3) REQUESTS.—Liquidation or reliquidation  
12      may be made under paragraph (2) with respect to  
13      any entry only if a request therefor is filed with the  
14      Customs Service, within 180 days after the date of  
15      enactment of this Act, that contains sufficient infor-  
16      mation to enable the Customs Service—

17              (A) to locate the entry; or

18              (B) to reconstruct the entry if it cannot be  
19      located.

10

**AMENDMENT TO BE PROPOSED BY SEN. GRAMM  
TO HR 4868, THE TARIFF SUSPENSION AND TRADE ACT OF 2000  
September 18, 2000**

- Relevant amendment: To amend certain provisions of HR 4868

As an amendment to the  
Chairman's Mark of the  
Miscellaneous Tariff and Trade bill:

Kent Lott



11

106TH CONGRESS  
2D SESSION

**S. 2883**

To suspend temporarily the duty on piano plates.

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IN THE SENATE OF THE UNITED STATES

JULY 18, 2000

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

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## A BILL

To suspend temporarily the duty on piano plates.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PIANO PLATES.**

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

9902.92.09	Piano plates (provided for in subheading 9209.91.80) ...	Free	No change	No change	On or before 12/31/2004	"
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8 (b) EFFECTIVE DATE.⊘ The amendment made by  
9 this section shall apply to goods entered, or withdrawn

2

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

○

12

### Thompson Amendment #1

This amendment would reliquidate entries of certain printing cartridges imported by Brother International Corporation. Brother imports printing cartridges for use in thermal transfer multifunction machines. The printing cartridges are classified duty free as parts of the machine in which they are used. However, the Customs Service originally classified the thermal transfer multifunction machines as facsimile machines dutiable at the rate of 3.5%. Thus the printing cartridges were considered part of those machines and subject to a rate of 3.5%. Customs has recognized its error in the classification of thermal transfer multifunction machines and has issued HQ 961153 to reclassify the machines as unassembled printers, which are free of duty. The printing cartridges are now classified as free of duty under current law.

This amendment would allow Brother to recover the import duties it paid due to Customs' error. The total amount of refund is less than \$500,000, and no domestic companies have objected to this relief.



### Thompson Amendment #2

This amendment would reliquidate certain entries of steel wire rod imported by Southern Wire Corporation. Southern Wire had been importing steel wire rod from South Korea that was subject to an antidumping order at a deposit rate of about 3%. The Korean manufacturer failed to respond to a Commerce Department questionnaire as part of an administrative review of the antidumping order, so Commerce imposed a punitive "adverse facts available" rate of 135% retroactively on imports of the product that Southern Wire had purchased. Southern Wire received no notice that this review was occurring, and it received its invoice from the Customs Service for the retroactive assessment of the rate after the period for appeal of the final determination had passed.

Applying a punitive rate under the antidumping laws is intended to provide an incentive for producers to respond to questionnaires. Applying this draconian rate on an importer who has already purchased the subject merchandise and did not receive any notice that a review was occurring does not serve the purposes of the act. This amendment would permit Southern Wire Corporation to pay an antidumping duty equal to the deposit rate of about 3%.

The total amount of refund is less than \$500,000, and no domestic companies have objected to this relief.

AMENDMENT NO. 1 Calendar No. \_\_\_\_\_

Purpose: To provide for the liquidation or reliquidation of certain entries of athletic shoes.

IN THE SENATE OF THE UNITED STATES—106th Cong., 2d Sess.

**S.**

To amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty, to make other technical amendments to the trade laws, and for other purposes.

Referred to the Committee on \_\_\_\_\_  
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. BREAU

Viz:

- 1 At the appropriate place, insert the following:
- 2 **SEC. \_\_\_\_ LIQUIDATION OR RELIQUIDATION OF CERTAIN**
- 3 **ENTRIES.**
- 4 (a) **IN GENERAL.**—Notwithstanding section 514 of
- 5 the Tariff Act of 1930 (19 U.S.C. 1514) or any other pro-
- 6 vision of law, the United States Customs Service shall, not
- 7 later than 90 days after the date of the enactment of this
- 8 Act, liquidate or reliquidate each drawback claim as filed
- 9 described in subsection (b).

1           (b) DRAWBACK CLAIMS.—The drawback claims re-  
2 ferred to in subsection (a) are the following claims, filed  
3 between August 1, 1993 and June 1, 1998:

Drawback Claims

221-0590991-9  
221-0890500-5 through 221-0890675-5  
221-0890677-1 through 221-0891427-0  
221-0891430-4 through 221-0891537-6  
221-0891539-2 through 221-0891554-1  
221-0891556-6 through 221-0891557-4  
221-0891559-0  
221-0891561-6 through 221-0891565-7  
221-0891567-3 through 221-0891578-0  
221-0891582-0  
221-0891584-8 through 221-0891587-1  
221-0891589-7  
221-0891592-1 through 221-0891597-0  
221-0891604-4 through 221-0891605-1  
221-0891607-7 through 221-0891609-3

4           (c) PAYMENT OF AMOUNTS DUE.—Any amounts due  
5 pursuant to the liquidation or reliquidation of the claims  
6 described in subsection (b) shall be paid not later than  
7 90 days after the date of such liquidation or reliquidation.

AMENDMENT NO. 2

Calendar No. \_\_\_\_\_

Purpose: To provide for the liquidation or reliquidation of certain entries of athletic shoes.

IN THE SENATE OF THE UNITED STATES—106th Cong., 2d Sess.

**S.**

To amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty, to make other technical amendments to the trade laws, and for other purposes.

Referred to the Committee on \_\_\_\_\_  
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. BREAUX

Viz:

1 At the appropriate place, insert the following:

2 **SEC. \_\_\_\_ LIQUIDATION OR RELIQUIDATION OF CERTAIN**  
3 **ENTRIES.**

4 (a) IN GENERAL.—Notwithstanding section 514 of  
5 the Tariff Act of 1930 (19 U.S.C. 1514) or any other pro-  
6 vision of law, the United States Customs Service shall, not  
7 later than 90 days after the date of the enactment of this  
8 Act, liquidate or reliquidate each drawback claim as filed  
9 described in subsection (b).

1 (b) DRAWBACK CLAIMS.—The drawback claims re-  
2 ferred to in subsection (a) are the following claims. filed  
3 between August 1, 1993 and June 1, 1998:

Drawback Claims

221-0590991-9  
221-0890500-5 through 221-0890675-5  
221-0890677-1 through 221-0891427-0  
221-0891430-4 through 221-0891537-6  
221-0891539-2 through 221-0891554-1  
221-0891556-6 through 221-0891557-4  
221-0891559-0  
221-0891561-6 through 221-0891565-7  
221-0891567-3 through 221-0891578-0  
221-0891582-0  
221-0891584-8 through 221-0891587-1  
221-0891589-7  
221-0891592-1 through 221-0891597-0  
221-0891604-4 through 221-0891605-1  
221-0891607-7 through 221-0891609-3

4 (c) PAYMENT OF AMOUNTS DUE.—Any amounts due  
5 pursuant to the liquidation or reliquidation of the claims  
6 described in subsection (b) shall be paid not later than  
7 90 days after the date of such liquidation or reliquidation.

8 **SEC. \_\_\_\_ PREVENTION OF DUPLICATION OF LOSS**  
9 **THROUGH ASSUMPTION OF LIABILITIES GIV-**  
10 **ING RISE TO A DEDUCTION.**

11 (a) IN GENERAL.—Section 358 of the Internal Rev-  
12 enue Code of 1986 (relating to basis to distributees) is  
13 amended by adding at the end the following new sub-  
14 section:

15 (h) SPECIAL RULES FOR ASSUMPTION OF LIABIL-  
16 ITIES TO WHICH SUBSECTION (d) DOES NOT APPLY.—

1           “(1) IN GENERAL.—If, after application of the  
2 other provisions of this section to an exchange or se-  
3 ries of exchanges, the basis of property to which  
4 subsection (a)(1) applies exceeds the fair market  
5 value of such property, then such basis shall be re-  
6 duced (but not below such fair market value) by the  
7 amount (determined as of the date of the exchange)  
8 of any liability—

9           “(A) which is assumed in exchange for  
10 such property, and

11           “(B) with respect to which subsection  
12 (d)(1) does not apply to the assumption.

13           “(2) EXCEPTIONS.—Except as provided by the  
14 Secretary, paragraph (1) shall not apply to any li-  
15 ability if—

16           “(A) the trade or business with which the  
17 liability is associated is transferred to the per-  
18 son assuming the liability as part of the ex-  
19 change, or

20           “(B) substantially all of the assets with  
21 which the liability is associated are transferred  
22 to the person assuming the liability as part of  
23 the exchange.

24           “(3) LIABILITY.—For purposes of this sub-  
25 section, the term ‘liability’ shall include any fixed or

1       contingent obligation to make payment, without re-  
2       gard to whether the obligation is otherwise taken  
3       into account for purposes of this title.”

4       (b) DETERMINATION OF AMOUNT OF LIABILITY AS-  
5       SUMED.—Section 357(d)(1) of the Internal Revenue Code  
6       of 1986 is amended by inserting “section 358(h),” after  
7       “section 358(d),”.

8       (c) APPLICATION OF COMPARABLE RULES TO PART-  
9       NERSHIPS AND S CORPORATIONS.—The Secretary of the  
10       Treasury or his delegate—

11             (1) shall prescribe rules which provide appro-  
12             priate adjustments under subchapter K of chapter 1  
13             of the Internal Revenue Code of 1986 to prevent the  
14             acceleration or duplication of losses through the as-  
15             sumption of (or transfer of assets subject to) liabil-  
16             ities described in section 358(h)(3) of such Code (as  
17             added by subsection (a)) in transactions involving  
18             partnerships, and

19             (2) may prescribe rules which provide appro-  
20             priate adjustments under subchapter S of chapter 1  
21             of such Code in transactions described in paragraph  
22             (1) involving S corporations rather than partner-  
23             ships.

24       (d) EFFECTIVE DATES.—

1           (1) IN GENERAL.—The amendments made by  
2 this section shall apply to assumptions of liability  
3 after October 18, 1999.

4           (2) RULES.—The rules prescribed under sub-  
5 section (c) shall apply to assumptions of liability  
6 after October 18, 1999, or such later date as may  
7 be prescribed in such rules.



106TH CONGRESS  
2D SESSION

S. \_\_\_\_\_

IN THE SENATE OF THE UNITED STATES

Mr. BREAUX introduced the following bill: which was read twice and referred to the Committee on \_\_\_\_\_

**A BILL**

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled.*

3 (a) IN GENERAL.—Subchapter II of chapter 99 of  
4 the Harmonized Tariff Schedule of the United States is  
5 amended by inserting in the numerical sequence the fol-  
6 lowing new heading:

9902.xx.xx	Stainless steel rail car body shells for gallery type, bi-level cab control car coaches (148-passenger capacity) (provided for in the subheading 8607.99.1000)	Free	No change	No change	On or before 12/31/2003
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7 (b) EFFECTIVE DATE.—The amendment made by  
8 subsection (a) applies with respect to goods entered, or

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

106TH CONGRESS  
2D SESSION

S. 2679

IN THE SENATE OF THE UNITED STATES

Mr. BREAUX introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

**A BILL**

To suspend temporarily the duty on stainless steel rail car body shells.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 (a) IN GENERAL.—Subchapter II of chapter 99 of  
4 the Harmonized Tariff Schedule of the United States is  
5 amended by inserting in the numerical sequence the fol-  
6 lowing new heading:

9902.xx.xx	Stainless steel rail car body shells for gallery type, bi-level trailer coaches (138-passenger capacity) (provided for in the subheading 8607.99.1000) ...	Free	No change	No change	On or before 12/31/2003
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1           (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) applies with respect to goods entered, or  
3 withdrawn from warehouse for consumption, on or after  
4 the 15th day after the date of enactment of this Act.

**AMENDMENT BY SENATOR CONRAD**

**Present Law**

Pursuant to section 9302 of the Balanced Budget Act of 1997, it is illegal to reimport "export label" tobacco products into the United States.

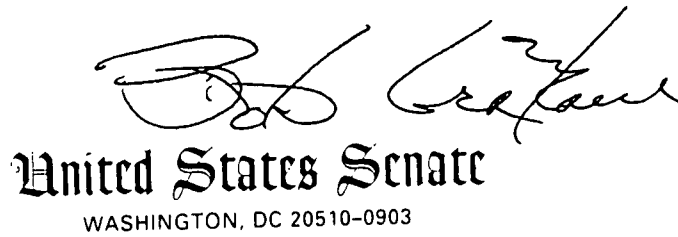
**Changes to Law**

This amendment will ban "foreign source" tobacco products not intended for sale or consumption in the United States and provide that previously exported tobacco products may be re-imported only to the original manufacturer, or its authorized warehouse or agent. It imposes criminal penalties on the pre-export diversion of tobacco products manufactured domestically for export only, and makes all "export label" tobacco products contraband by a date certain. Finally, this amendment will require the forfeiture and destruction of all seized gray market and black market tobacco products and clarify the law governing the purchases of tobacco products for personal use at duty-free stores.

**Reason for Changes**

Gray market tobacco products are products manufactured for sale in foreign markets that are diverted into the United States by third parties for domestic sale. Gray market cigarettes are a public health risk because they may not comply with federal health warning label requirements and they also tend to be sold at lower prices, undercutting wholesalers and retailers who comply with the law. Gray market tobacco sales also result in reduced annual payments to the states and tobacco growers under the Master Settlement Agreement because these payments are the nationwide domestic sales volumes of participating tobacco manufacturers. This occurs because sales of diverted product are not counted as part of the manufacturer's domestic sales.

BOB GRAHAM  
FLORIDA



19

COMMITTEES:  
FINANCE  
ENVIRONMENT AND  
PUBLIC WORKS  
VETERANS AFFAIRS  
SELECT COMMITTEE ON  
INTELLIGENCE  
ENERGY AND NATURAL  
RESOURCES

**Amendment to H.R. 4868, Tariff Suspension and Trade Act of 2000**  
**Submitted by Senator Bob Graham**  
**September 18, 2000**

Insert in the proper place:

- Amendment to the Tariff Act of 1930 to permit duty drawbacks for certain jewelry (jewelry, watches, watch straps, bands, and bracelets, and parts thereof) exported to the U.S. Virgin Islands (insert text of S. 2613, as introduced in the Senate on May 23, 2000).

Explanation:

- Under current law, foreign merchandise may be imported into the United States and then exported to the U.S. Virgin Islands without payment of any duty, provided the merchandise is held in a Customs bonded warehouse in the US. The proposed legislation would provide two additional options for comparable duty free treatment by: (1) permitting duty drawback on exports of duty-paid foreign goods to the U.S. Virgin Islands from the United States Customs territory; and (2) by permitting the withdrawal of non-duty paid merchandise from a foreign-trade zone for shipment to the U.S. Virgin Islands without the payment of customs duties.
- Existing drawback provisions were enacted to encourage the use of U.S. territory and manpower as an international distribution platform and to enable U.S.-manufactured exports to maintain competitive pricing in foreign markets. This legislation would extend these drawback benefits to exports to the U.S. Virgin Islands to facilitate the U.S. operations of watch companies, enhance domestic employment, and stimulate additional exports to the USVI.

Kerrey Amendment

Tariff Suspension and Trade Act of 2000 (H.R.4868)

1) To suspend temporarily the duty on 2-cyclohexen-1,2-[1-(ethoxyimino)propyl]-3-hydroxy-5(2,4,6-trimethylphenyl)-(9C1), which is presently subject to a 6.5% duty rate. Amend subchapter II of chapter 99 of the US HTS:

2) To reduce from 6.5% to 5.7% the duty on azoxystrobin formulated, in order to keep it revenue neutral. Amend subchapter II of chapter 99 of the US HTS.