

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress¹**

[Date approved: May 8, 2008]²

Bill No. and sponsor: H.R. 4676 (Mr. Mike McIntyre of North Carolina).

Proponent name,³ location: Campbell Soup Company, Maxton, NC.

Other bills on product (110th Congress only): None.

Nature of bill: To remove the 100 percent tariff on soups and broths from France and Germany.

Retroactive effect: None.

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Articles the product of France or the Federal Republic of Germany:

Soups and broths and preparations therefor (provided for in subheading 2104.10).

Check one: Same as that in bill as introduced.
 Different from that in bill as introduced (see Technical comments section).

Product information, including uses/applications and source(s) of imports:

Soups and broths are foods prepared by combining ingredients such as meat, vegetables, or legumes in stock or hot water until the flavor is extracted, forming a broth. The invention of condensed soup and the introduction of canning in the 19th century resulted in the commercialization of soup. Today, there are a wide variety of canned and dried soups available in the United States. U.S. imports of soup and broth are primarily from Canada,⁴ which accounted for 67 percent of the value of imports in 2007. Other leading sources are Japan and Guatemala,⁵ each accounting for 5 percent of the value of imports in 2007.

¹ Industry analyst preparing report: Mark Simone (202-205-2049); Tariff Affairs contact: Dan Shepherdson (202-205-2598).

² Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tata/hts/other/rel_doc/bill_reports/.

³ The sponsor/proponent did not identify any additional beneficiaries of this bill.

⁴ Imports of the subject product from Canada may be eligible for duty-free access to the U.S. market under NAFTA.

⁵ Imports of the subject product from Guatemala may be eligible for duty-free access to the U.S. market under DR-CAFTA.

Estimated effect on customs revenue:

U.S. imports of the subject products from France and Germany have declined significantly since the imposition of the 100 percent duties.⁶ In 1998, the year before the imposition of the 100 percent duties, U.S. imports of the subject products from France and Germany were \$5.2 million. In 2007, U.S. imports of the subject products from Germany and France amounted to \$54,000. The removal of the 100 percent duties under HTS subheading 9903.02.41 would result in a Customs revenue loss because the duties would no longer be collected. However, if the 100 percent duties no longer applied, imports of the subject products from France and Germany are expected to return to their historic levels. The increased imports of the subject products would result in an overall net revenue gain because the Customs duties collected under HTS subheading 2104.10.00 would exceed the Customs duties that would no longer be collected under HTS subheading 9903.02.41.

HTS subheading: 2104.10.00					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty (AVE)	3.2%	3.2%	3.2%	3.2%	3.2%
Estimated value <i>dutiable</i> imports	\$4,000,000	\$4,250,000	\$4,500,000	\$4,750,000	\$5,000,000
Customs revenue gain 1/	\$43,000	\$51,000	\$59,000	\$67,000	\$75,000

1/ The estimated Customs revenue gain under HTS subheading 2104.10.00 is offset by the estimated Customs revenue that would no longer be collected under HTS subheading 9903.02.41. The average annual Customs duties that were collected in 2005-2007 under HTS subheading 9903.02.41 were about \$85,000. Thus, for example, in 2009, \$4,000,000 in estimated imports would be subject to the 3.2 percent ad valorem duty that applies under HTS subheading 2104.10.00, resulting in revenue of \$128,000 (i.e. \$4,000,000 X 3.2 percent ad valorem). However, as noted above, an estimated \$85,000 in duties would no longer be collected under HTS subheading 9903.02.41. Therefore, the net revenue gain would be \$43,000 (i.e., \$128,000 – \$85,000 = \$43,000).

Source of estimated dutiable import data: Commission estimates based on official U.S. Government statistics and industry estimates.

Contacts with domestic firms/organizations (including the proponent):

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Campbell Soup Company (Proponent) Kelly Johnston, 856-968-4367	03/11/2008	No	Yes	No

⁶ The additional duties were imposed by USTR following the European Communities' (EC) failure to implement the recommendations and rulings of the WTO Dispute Settlement Body concerning the EC's ban on imports of U.S. meat from animals treated with certain hormones. The additional duties became effective July 29, 1999.

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
General Mills Mary Toker, 202-737-8200	03/12/2008	No	No	No

Technical comments:⁷

The Commission staff suggests that section 1(b) of the bill be deleted because the footnote to HTS subheading 2104.10.00 was inserted into the HTS for ease of reference only and has no effect on the legal text or its interpretation. As the agency that is responsible for compiling and publishing the HTS,⁸ the Commission would delete the footnote from the HTS if this bill is enacted.

⁷ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

⁸ See 19 U.S.C. 3007.

110TH CONGRESS
1ST SESSION

H. R. 4676

To amend the Harmonized Tariff Schedule of the United States to remove the 100 percent tariff imposed on soups and broths from France and Germany.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2007

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

A BILL

To amend the Harmonized Tariff Schedule of the United States to remove the 100 percent tariff imposed on soups and broths from France and Germany.

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. REMOVAL OF 100 PERCENT TARIFF ON SOUPS**
4 **AND BROTHS FROM FRANCE AND GERMANY.**

5 (a) IN GENERAL.—Subchapter III of chapter 99 of
6 the Harmonized Tariff Schedule of the United States is
7 amended by striking subheading 9903.02.41.

1 (b) CONFORMING AMENDMENTS.—Chapter 21 of
2 such Schedule is amended by striking footnote 1 to sub-
3 heading 2104.10.00.

4 (c) EFFECTIVE DATE.—The amendments made by
5 subsections (a) and (b) apply to goods entered, or with-
6 drawn from warehouse for consumption, on or after the
7 15th day after the date of the enactment of this Act.

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