

LEGAL UPDATES

PUBLISHED: MAY 4, 2016

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The Miscellaneous Tariff Bill Process Is Alive! Cost Savings for U.S. Manufacturers

After more than three years of inaction, Congress has moved to renew the Miscellaneous Tariff Bill (MTB) with a new procedure. The MTB eliminates or reduces duties assessed on more than a thousand imported raw materials and intermediate products that are not produced in the U.S. or are unavailable domestically. MTB duty savings are anticipated to eliminate import taxes in excess of \$700 million annually, thereby cutting production costs in the United States and enhancing the competitiveness of U.S. manufacturers.

The New Procedure

Under bipartisan legislation passed in the House on April 27, 2016, and submitted to the Senate Finance Committee, a company or individual wishing to benefit from an MTB duty reduction or suspension would submit a petition directly to the U.S. International Trade Commission (USITC). This is a significant change from the previous MTB process whereby the request from a company or individual for duty reduction or suspension legislation was initially made to a member of Congress.

Petitions accepted by the USITC would undergo an interagency review, culminating in a final USITC report. If the proposed duty reduction or suspension is accepted, it is incorporated into legislation sent to Congress for passage and submission to the president.

The new process follows the following general timeline:

Likely beneficiaries submit petitions to USITC.

Department of Commerce submits a public report on each petition.

USITC releases preliminary report for public comment.

USITC releases final report with MTBs for consideration.

House Ways and Means and Senate Finance committees review USITC report.

(Committee members **may exclude** petitions from an MTB based on USITC recommendation, objection from a member of Congress or a finding of domestic production. However, committees **cannot add** products that did not receive a favorable recommendation from the USITC or undergo the process.)

Congress votes on MTB.

What Is Required

The USITC requires that the following be included in all petitions:

Name and address of petitioner

Statement indicating whether the petition is for an extension of an existing duty suspension or reduction or a new one

Certification that the petitioner is a likely beneficiary of the proposed duty reduction or suspension

An article description for the proposed duty reduction or suspension to be included in the amendment to Subchapter II of Chapter 99 of the Harmonized Tariff Schedule of the United States. To the extent available, include:

A classification of the article for purposes of the amendment

A classification ruling of U.S. Customs and Border Protection with respect to the article

A copy of a U.S. Customs and Border Protection entry summary indicating where the article is classified in the Harmonized Tariff Schedule

Brief general description of the article

Brief description of the U.S. industry that uses the article

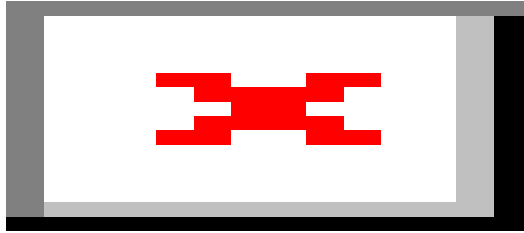
Estimate of the total U.S. dollar value of imports of the article for five calendar years following the calendar year in which the petition is filed, including an estimate of the total dollar value of such imports by the person who submits the petition and by any other importers (if available)

Name of each person who imports the article (if available)

Description of any domestic production of the article (if available)

Other information as required by USITC

MTB Process Timeline



What This Means To You

MTB duty savings are anticipated to eliminate import taxes in excess of \$700 million annually, thereby cutting production costs in the United States and enhancing the competitiveness of U.S. manufacturers. Eliminating congressional participation in the upfront phases of the MTB process creates a procedure that is less susceptible to short-term political pressures while remaining consistent with House and Senate rules (including those prohibiting earmarks).

Contact Us

Husch Blackwell's team of trade attorneys has vast experience with USITC processes and procedures, as well as duty reduction and suspension legislation. Our team assists U.S. companies in evaluating whether a potential duty reduction or suspension is available on particular products. We also assist companies with preparing MTB petitions and navigating the related administrative and legislative process.

For more information concerning the MTB or other trade-related questions, please contact a member of our International Trade & Supply Chain team.