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June 22, 2006

The Honorable Charles Grassley  
Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Max Baucus  
Committee on Finance  
United States Senate  
Washington, DC 20510

RE: S. 2965

Dear Chairman Grassley and Ranking Member Baucus,

I am writing to express our company's opposition to the enactment of legislation (S. 2965) to provide duty free treatment for alginates. Legislation to eliminate duties on imports of "alginic acids, its salts and esters" (alginates) was introduced by Senator Rick Santorum on May 23, 2006.

FMC Corporation, headquartered in Philadelphia, Pennsylvania, is a global leader in agricultural, specialty, and industrial chemicals. The company is a manufacturer of insecticides, termiticides, lithium, active oxidants, carrageenan, microcrystalline cellulose, alkali chemicals, soda ash, hydrogen peroxide, and alginates.

FMC Corporation's U.S. alginate business would be adversely affected by the elimination of the duty on alginates (HTS subheading 3913.10.00) and, therefore, requests that this provision not be included in the miscellaneous tariff package currently being assembled by the Senate Finance Committee.

FMC BioPolymer is among the world's largest alginate manufacturers. FMC BioPolymer manufactures more than 200 grades of alginates, including alginic acid, sodium alginate, potassium alginate, ammonium alginate, magnesium alginate, calcium alginate, and sodium triethanolamine alginate. Alginate is one of the most versatile biopolymers and is used in a wide range of food, pharmaceutical and

specialty applications for thickening, stabilizing, gelling, and film forming.

The competitive business concern is only one of several issues with S. 2965. First, unlike many other duty suspension bills introduced in this Congress, the proposed legislation ignores the Finance Committee's requirements that tariff bills be temporary in nature. Instead, the bill would change Chapter 39 of the U.S. Harmonized Tariff Schedule to eliminate permanently the U.S. duty on all alginates. FMC supports the rationale for temporary duty suspensions, but we should not lower entire tariff categories on a permanent basis unilaterally outside of multilateral trade negotiations.

An additional concern relates to the import value calculations associated with the bill. According to U.S. International Trade Commission data, dutiable imports entering under HTS subheading 3913.10.00 in 2005 equaled \$31,884,400. At a duty rate of 4.2%, this means that over \$1.3 million in customs revenue would be lost annually if this provision were to be enacted. This clearly violates another of the Finance Committee's criteria for these bills, namely that revenue loss be capped at \$500,000 per year.

Thank you for your consideration. Please do not hesitate to contact me should you have questions or require additional information on this matter.

Sincerely,



Jerry Prout

cc: U.S. International Trade Commission  
U.S. Department of Commerce  
The Honorable Rick Santorum