

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: July 31, 2006]²

Bill No. and sponsor: S. 2352 (Mr. Jim DeMint, SC).

Proponent name, location: Michelin North America, Inc., Greenville, SC

Other bills on product (109th Congress only): S. 2207 (identical to S. 2352) and H.R. 4485.

Nature of bill: Extension of existing temporary duty suspension through December 31, 2009.

Retroactive effect: None.

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

Shearing machines used to cut metallic tissue certified for use in production of radial tires designed for off-the-highway use with a rim measuring 63.5 cm or more in diameter (provided for in subheading 4011.20.10, 4011.61.00, 4011.63.00, 4011.69.00, 4011.92.00, 4011.94.40, or 4011.99.45), numerically controlled, or parts thereof (provided for in subheading 8462.31.00 or 8466.94.85).

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:

The shearing machines (and related parts) described in the proposed legislation are custom-built machines having particular characteristics, such as the capability to straight cut metallic tissue (rubberized steel tire cord and/or stranded wire). These machines are numerically controlled.³ During the operation, the cutting of the metallic tissue or wire is performed by a blade that is actuated by either hydraulic or mechanical means. The machines are used in production of tire components in the cutting of steel cord⁴ belts. The machines likely include attachments to feed the workpiece through the shearing machine. The principal import source of these machines is France.

¹ Industry analyst preparing report: Dennis Fravel (202-205-3404); Tariff Affairs contact: Jan Summers (202-205-2605).

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

³ The term "numerically controlled" means computer numerically controlled, in which the control system adds fully automatic programmable positioning and feed rate control of the machine's axis movement relative to the workpiece, as well as automatic control of other functions.

⁴ Steel cord belts are composed of steel filaments (i.e., wires) woven together to form cord. The cord is then woven into a belt that is used to reinforce the rubber in radial tires.

Estimated effect on customs revenue:

Total Revenue Loss for this Bill					
	2006	2007	2008	2009	2010
 					
Customs revenue loss ^{1/}	\$89,200	\$89,200	\$22,300	\$133,800	\$133,800

^{1/} The estimated customs revenue loss for 2006 reflects the existing duty suspension under heading 9902.84.81 that expires on December 31, 2006.

Source of estimated dutiable import data: Sum of table totals below.

HTS subheading: <u>8462.31.00</u>					
	2006	2007	2008	2009	2010
 					
Col. 1-General rate of duty	4.4%	4.4%	4.4%	4.4%	4.4%
Estimated value dutiable imports	\$1,600,000	\$1,600,000	\$400,000	\$2,400,000	\$2,400,000
Customs revenue loss ^{1/}	\$70,400	\$70,400	\$17,600	\$105,600	\$105,600

^{1/} The estimated customs revenue loss for 2006 reflects the existing duty suspension under heading 9902.84.81 that expires on December 31, 2006.

Source of estimated dutiable import data: Industry and Commission estimates.

HTS subheading: <u>8466.94.85</u>					
	2006	2007	2008	2009	2010
 					
Col. 1-General rate of duty	4.7%	4.7%	4.7%	4.7%	4.7%
Estimated value dutiable imports	\$400,000	\$400,000	\$100,000	\$600,000	\$600,000
Customs revenue loss ^{1/}	\$18,800	\$18,800	\$4,700	\$28,200	\$28,200

^{1/} The estimated customs revenue loss for 2006 reflects the existing duty suspension under heading 9902.84.81 that expires on December 31, 2006.

Source of estimated dutiable import data: Industry and Commission 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)		
Michelin North America, Inc. (Proponent) Steve Evered, 864-458-5080	4/18/2006	No	No	No
Bridgestone Firestone, Inc. Steve Akey, 202-354-8220	5/15/2006	No	No	No
Continental Tire North America, Inc. Tom Williams, 704-583-8570	5/17/2006	No	No	No
Goodyear Tire & Rubber Co. Isabel Jasinowski, 202-682-9250	5/15/2006	No	No	No
RJS Corp. Raymond Slezak, 330-896-2387	5/18/2006	No	No	No
Steelastic LLC Brian Fetzer, 330-633-0505	5/18/2006	No	No	No
Titan Tire Corp. Bill Campbell, 515-265-9200	5/15/2006	No	No	No

Technical comments:⁵ None.

⁵ 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.

109TH CONGRESS
2^D SESSION

S. 2352

To extend the temporary suspension of duty on certain manufacturing equipment.

IN THE SENATE OF THE UNITED STATES

MARCH 2, 2006

Mr. DEMINT introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To extend the temporary suspension of duty on certain manufacturing equipment.

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. CERTAIN MANUFACTURING EQUIPMENT.**

4 (a) IN GENERAL.—Heading 9902.84.81 of the Har-
5 monized Tariff Schedule of the United States (relating to
6 certain manufacturing equipment) is amended by striking
7 “12/31/2006” and inserting “12/31/2009”.

8 (b) EFFECTIVE DATE.—The amendment made by
9 subsection (a) applies to goods entered, or withdrawn from

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- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of enactment of this Act.

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