



MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

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

Tire-building machines to be used 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, and parts thereof (provided for in subheading 8477.59.01 or 8477.90.85)

(If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.)

Description above compared with bill as introduced:

- Same
 Different (see Technical Comments section)

III. Other product information, including uses/applications and source(s) of imports

The subject products are tire-building machines that assemble the layers of rubber and fabric of which off-the-highway tires are composed. The machines consist of a belt building drum, tread applier, belt servicer (a part transfer system), a tire carcass shaping station, and a stitcher assembly. Layer by layer, the tire is wound around the drum and then pressed into shape, producing a "green tire" that is not vulcanized, or baked together, and does not have any tread or identifying markings. These machines are numerically controlled wherein a computer control system provides 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. The principal U.S. import sources of these machines and parts thereof are Germany, France, Japan, and China.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	8477.59.01, 8477.90.85 (See VI. Continuation)				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	3.1	3.1	3.1	3.1	3.1
Estimated value of <i>dutiable</i> imports (\$)	45,000,000	38,000,000	15,000,000	3,000,000	3,000,000
Customs revenue loss (\$)	1,395,000	1,178,000	465,000	93,000	93,000

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce
 Provided by industry sources
 Industry information
 Commission estimates

Duty reduction notes:

- This bill is not a duty reduction
 This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%) Temporary rate (%) Percentage point reduction (%)

V. Technical comments

The article description set forth above reflects modifications in the existing heading's description and information about the machinery imported by the interested entity. Staff has discussed the existing heading and its accuracy in describing these

imported products with officials of the Customs and Border Protection National Commodity Specialist Division. One official indicated that "molding" machinery for pneumatic tires would be classified in HTS subheading 8477.51.00 and that the phrase "or otherwise forming" in that subheading is considered by Customs to refer to the production of tires with inner tubes, rather than pneumatic tires. Thus, because only molding machines for pneumatic tires are classified under subheading 8477.51.00, a reference to that subheading is inappropriate. This official suggested that the subject tire-building machinery should be classified in HTS subheading 8477.59.01, which would cover machinery other than for molding tires and also capture machinery that is designed for "otherwise forming" of pneumatic tires. Further, another Customs official responsible for imported tires believes that the existing heading's reference to HTS 4011.62.00 is incorrect with respect to the tire type or size indicated in HTS heading 9902.84.85. Therefore, this reference was deleted in the modified description set forth above.

There is some overlapping coverage in the bills on the subject goods. H.R. 5367, a duty reduction bill, and H.R. 5368, a duty suspension bill, cover a subset of products that are in H.R. 5048 for tire-building machinery and parts thereof for off-the-highway tires.

VI. Continuation

Estimated effect on customs revenue (\$) - continued:

HTS No. 8477.59.01 (3.1%)

2013-1,240,000

2014-1,054,000

2015-372,000

2016-62,000

2017-62,000

HTS No. 8477.90.85 (3.1%)

2013- 24,000

2014-24,000

2015-93,000

2016-31,000

2017-31,000

VII. Contacts with domestic firms/organizations

#	Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
1	Michelin North America, Inc. (Interested entity) Stan Pech	864-458-6600	No	No	No
2	Bartell Machinery Systems, LLC Jerry Eisnehart	315-336-7600	No	No	No
3	Bridgestone Americas Steven Akey	202-354-8220	No	No	No
4	Davis-Standard, LLC Joe Wnuk	860-599-1010	No	No	No
5	Goodyear Tire & Rubber Co. Isabel Jasinowski	202-682-9250	No	No	No
6	King Machine Michael J. Wells	704-583-0486	No	No	No
7	KOBELCO Stewart Bolling, Inc. David Sealfon	330-655-3113	No	No	No
8	Northeast Tire Mold Stephanie Sipe	330-376-6107	No	No	No
9	Rogers Industrial Products, Inc. John R. Cole	330-535-3331	No	No	No
10	RJS Corp. Raymond Slezak	330-896-2387	No	No	No
11	RMS Equipment, LLC Greg Thewes	330-564-1360	No	No	No
12	RRR Development Co., Inc. Bob Irwin	330-966-8855	No	No	No
13	Spadone-Hypex, Inc. Jim Hasson	215-396-8005	No	No	No
14	Steelastatic Co., LLC Brian Fetzer	330-633-0505	No	No	No

112TH CONGRESS
2D SESSION

H. R. 5048

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2012

Mr. DUNCAN of South Carolina introduced the following bill; which was referred to the Committee on Ways and Means

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 9902.84.88 of the Har-
5 monized Tariff Schedule of the United States (relating to
6 certain manufacturing equipment) is amended by striking
7 the date in the effective period column and inserting “12/
8 31/2015”.

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

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

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