



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)):

Complete digital process control systems for use with steam turbine generator sets in AP 1000 nuclear power plants certified by the Nuclear Regulatory Commission (provided for in subheading 9032.89.60).

(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, complete digital process control systems, control the operation (e.g., start up, shut down, and heat supply regulation) imported to be used with steam turbine generator sets in particular nuclear power plants certified by the Nuclear Regulatory Commission (NRC). The subject goods are imported under nonlegal statistical reporting number 9032.89.6030, which encompasses "complete systems" that are considered to be "process control instruments and apparatus." Individual elements of such systems include temperature control instruments, pressure and draft control instruments, flow and liquid level control instruments, humidity control instruments, and other devices, as reflected in other statistical reporting numbers of the named subheading. Korea, Japan, United Kingdom, and Germany are the major U.S. import suppliers of dutiable products.

As drafted, importers could be required to establish that the NRC has certified the power plants prior to the time of entry. That certification would be only moderately helpful in view of the undefined "designed for use" language in the proposed heading, given that no other precise criteria are provided to say which characteristic(s) might make a particular shipment of a system intended for this use. It is somewhat unclear grammatically whether it is the power plants that the NRC would be certifying or the imported goods themselves.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	9032.89.60				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	1.7	1.7	1.7	1.7	1.7
Estimated value of <i>dutiable</i> imports (\$)	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Customs revenue loss (\$)	425,000	425,000	425,000	425,000	425,000

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

We note that use of the word "digital" in the article description may result in different interpretations by Customs and importers, and that this term is not defined for tariff purposes. Customs officials could be consulted about the potential scope of the new heading, given that the existing nonlegal statistical reporting provisions provide no guidance on the product coverage.

A bigger issue for Customs to address would be the fact that, as drafted, the proposed description would cover systems that are "designed for use" with particular generator sets, and that those generator sets (not the articles being imported) must actually be used in the named power plants. We cannot comment authoritatively about the extent of Customs' jurisdiction, in applying a 9902 heading's description to imported goods, with respect to this "downstream actual use requirement." One option might be to simply make the provision an "actual use" tariff description as shown above, despite the administrative burden imposed on Customs by the post-entry verification.

VI. Continuation

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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	Westinghouse Electric Co. (Interested entity) JoAnne Hyde	412-374-5650	No	No	No
2	Act Sensors/Advanced Control Technology, Inc. Mike Wilber	952-882-0000	No	No	No
3	AGM Electronics, Inc. John Vermaes	502-722-1000	No	No	No
4	Calex Manufacturing Co., Inc. Michael McNally	925-687-4411	No	No	No
5	Delta Computer Systems, Inc. Bill Savela	360-254-8688	No	No	No
6	Industrial Scientific Corp. Chris Lang	412-788-4353	No	No	No
7	Mil-Ram Technology, Inc. Carlos Ramirez	510-656-2001	No	No	No
8	Moore Industries-International, Inc. Steve Todd	818-894-7111	No	No	No
9	National Electrical Manufacturers Association (NEMA) Craig Updyke	703-841-3200	No	No	No
10	Pinnacle Systems, Inc. Gary Kovac	412-262-3950	No	No	No
11	Tech America Christopher E. Wilson	202-682-4451	No	No	No
12	Tyco Thermal Controls Rudy Johnston	650-216-1526	No	No	No
13	Wago Corp. Dean Norton	262-255-6222	No	No	No

112TH CONGRESS
2^D SESSION

H. R. 5218

To suspend temporarily the duty on complete digital process control systems designed for use with steam turbine generator sets for use in AP 1000 nuclear powerplants certified by the Nuclear Regulatory Commission.

IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2012

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

A BILL

To suspend temporarily the duty on complete digital process control systems designed for use with steam turbine generator sets for use in AP 1000 nuclear powerplants certified by the Nuclear Regulatory Commission.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. COMPLETE DIGITAL PROCESS CONTROL SYS-**
 2 **TEMS DESIGNED FOR USE WITH STEAM TUR-**
 3 **BINE GENERATOR SETS FOR USE IN AP 1000**
 4 **NUCLEAR POWERPLANTS CERTIFIED BY THE**
 5 **NUCLEAR REGULATORY COMMISSION.**

6 (a) **IN GENERAL.**—Subchapter II of chapter 99 of
 7 the Harmonized Tariff Schedule of the United States is
 8 amended by inserting in numerical sequence the following
 9 new heading:

“	9902.01.00	Complete digital process control systems designed for use with steam turbine generator sets for use in AP 1000 nuclear powerplants certified by the Nuclear Regulatory Commission (provided for in sub-heading 9032.89.60)	Free	No change	No change	On or before 12/31/2015	”.
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10 (b) **EFFECTIVE DATE.**—The amendment made by
 11 subsection (a) applies with respect to goods entered, or
 12 withdrawn from warehouse for consumption, on or after
 13 the 15th day after the date of the enactment of this Act.

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