



## 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/](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)):**

Lithium-ion batteries with an output exceeding 3.5 V but not exceeding 3.8 V (provided for in subheading 8507.60.00)

(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 batteries in which lithium ions move from the negative electrode to the positive electrode during discharge, and back when charging. They use an intercalated lithium compound as the electrode material, compared to the metallic lithium used in the non-rechargeable lithium battery. The particular batteries covered by the bill are rated over 3.5 volts but not over 3.8 volts and are commonly used in consumer electronics, such as computers and cellular phones. Principal U.S. import sources of these batteries are China, Japan, and Korea. Opposition to this bill is noted below in the Contacts table.

**IV. Estimated effect on customs revenue**

Subject product HTS subheading(s)	8507.60.00				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	3.4	3.4	3.4	3.4	3.4
Estimated value of dutiable imports (\$)	17,500,000	17,500,000	17,500,000	17,500,000	17,500,000
Customs revenue loss (\$)	595,000	595,000	595,000	595,000	595,000

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**

H.R. 5418 was written to include all lithium ion batteries under subheading 8507.60.00. However, based on input from the Interested entity, the suggested article description as set forth above was limited to include only those lithium-ion batteries of the specified voltage output.

**VI. Continuation**

--

## 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	IBM Corp. (Interested entity) John Adamo	720-395-1427	No	No	No
2	A123 Tom De Lucia	617-778-5575	No	No	No
3	Apple Inc. Larry Lowe	408-974-2042	No	No	No
4	Dell Michael Young	202-408-3355	No	No	No
5	EnerDel Karen Young	317-585-3400	No	No	No
6	Exide Technologies James R. Bolch	678-566-9393	No	No	No
7	Fedco Electronics Steve Victor	800-542-9761	Yes	Yes	Yes
8	Hewlett-Packard Company Maryanna Kersten	800-752-0900	No	No	No
9	Johnson Controls, Inc. Keith McCoy	414-524-1200	No	No	No
10	Motorola Mobility, Inc. Jason Howard	847-523 5000	No	No	No
11	Tesla Motors, Inc. Kurt Kelty	650-681-5100	No	No	No
12	Trojan Battery Company Rick Godber	562-236-3032	No	No	No
13	Valence Technology John Cielo	512-527-2900	No	No	No



1363 Capital Drive - Fond du Lac, WI 54936-1403 - U.S.A.  
Phone: 1-920-922-6490 Fax: 1-920-922-6750  
E-Mail: info @ fedcoelectronics.com

---

July 20, 2012

Alexander J. Parcan  
United States International Trade Commission (USITC)  
202-205-2218

Dear Mr. Parcan,

It was good to talk to you this week, and thank you for contacting me regarding the temporary elimination of import duties on lithium-ion batteries, HTSUS 8507.60.0000 as called out in H.R. 5418 sponsored by Congressman Mike Honda, D-California.

Our company is a family owned small business and I have attached brief profile for your reference.

While I may understand the reasons Congressman Honda has to sponsor this bill, I don't feel that this will benefit American businesses in this current world business climate. I also do not understand the wisdom of a "temporary" suspension. American battery pack manufacturers have been "beat up" by Chinese imports for quite a few years and only just recently is some of that business coming back. My opinion may not be popular among many companies, but my opinion is that suspending import duties will do more to support Chinese competition than to help American business.

My answers to the bullets in your e-mail are in bold.

Do you have an interest in the proposed duty suspension legislation and, if so, do you support, oppose, or are you neutral to each of the bills? **Our company, Fedco Electronics, Inc. has a definite interest in the import duties levied on lithium-ion batteries. However, we basically oppose suspending the current duty structure.**

Do you make any of the products described in the bills or competing products in the United States? **Yes. We purchase lithium-ion cells from Japanese and Korean companies, with duty added to the purchase price through their U.S. operations. These are used to manufacture custom lithium-ion battery assemblies in our Wisconsin plant.**

Is there other U.S. manufacturing of the products described in the bills or competing products? **Yes, there are other companies whose products are similar to us.**

If so, could you provide the names of the firms that make these products? **I can provide a separate, albeit an incomplete list.**

Do you import the products described in these bills? **In addition to the lithium-ion battery packs that we manufacture we also import exact replacement lithium-ion laptop batteries that we distribute in the U.S. as well as foreign countries.**

If so, what countries are the major sources of imports for each of these products? **Taiwan, R.O.C.**

Will you benefit from this bill? **Although the reduction of import duties would normally be welcome, we oppose any elimination or suspension of import duties on lithium-ion batteries because of the already existing unfair competition from Chinese P.R.C. laptop battery manufacturers. Chinese imports have already forced some North American companies to close their doors. We also understand that the Chinese lithium-ion battery manufacturers are receiving from 17% to 20% rebate**

**on exports from the Chinese government! I would suggest that instead of reducing the import duties that we add a 15% tariff on all Chinese P.R.C. lithium-ion batteries. Let's get America moving again.**

If so, can you provide me an estimate of the value of imports that will benefit from this bill in each of the next five years? **This may be a moot point, but we will import about \$3,500,000.00 (USD) in 2012.**

Thank you again for allowing me to comment, and I am available for any further discussion.

Sincerely,

A handwritten signature in black ink that reads "Steve Victor". The signature is written in a cursive style and is positioned above a horizontal line.

Stephen P. Victor, Jr. P.E.  
President & C.O.O.

**Fedco Electronics, Inc.**

Tel: 1-920-922-6490 - Home office: 1-920-922-6672

Fax: 1-920-922-8887

e-mail: [svictor@fedcoelectronics.com](mailto:svictor@fedcoelectronics.com)

Web Site: [www.fedcoelectronics.com](http://www.fedcoelectronics.com)

112TH CONGRESS  
2D SESSION

# H. R. 5418

To suspend temporarily the duty on lithium-ion batteries.

---

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2012

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

---

## A BILL

To suspend temporarily the duty on lithium-ion batteries.

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. LITHIUM-ION BATTERIES.**

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

“	9902.01.00	Lithium-ion batteries (pro- vided for in subheading 8507.60.00) .....	Free	No change	No change	On or before 12/31/2015	”.
---	------------	---	------	-----------	-----------	----------------------------	----

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

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

○