

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 109<sup>th</sup> Congress<sup>1</sup>**

[Date approved: April 20, 2006]<sup>2</sup>

**Bill No. and sponsor:** H.R. 3067 (Mr. Jim Nussle of Iowa).

**Proponent name, location:** Deere and Company, Moline, IL; Ponsse N.A., Inc., Rhinelander, WI.

**Other bills on product (109<sup>th</sup> Congress only):** None.

**Nature of bill:** Permanent amendment to the Harmonized Tariff Schedule of the United States.

**Retroactive effect:** None.

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

According to Customs, log forwarders imported as a unit (with the tractor and trailer in one shipment as an entirety) are properly classifiable in subheading 8704.23.00 of the Harmonized Tariff Schedule, rather than in 8704.90 as the bill suggests. We therefore suggest providing for these vehicles under subheading 8704.23, with wording that would retain the international-level subheading. Tractors (more technically described below) and log-carrying trailers imported separately are classifiable in subheading 8708.99.80; nonenumerated vehicle parts are also classifiable therein. (See technical comments.)

8704.23	G.V.W. exceeding 20 metric tons:
8704.23.10	Log forwarders with cranes, designed for off-highway use
8704.23.90	Other
8708.99.51	Parts of log forwarders

**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:**

Log forwarders are vehicles used in the harvesting of lumber, primarily to load and haul logs over short distances from the timberline—that is, from the point where the trees have been cut to the staging area where logs are loaded onto trucks. Each forwarder consists of a front and a rear section. The front section is made up of a tractor with an engine, steerable wheels, and a driver’s cab. The rear section is a trailer with a wooded gate and a bunk with steel frames fitted to the front section by two pins. These two sections are connected by an articulation joint to facilitate driving the vehicle. The front section powers the rear section of the log forwarder, both pulling it and supplying power to on-board machinery. A wide range of imported goods could be encompassed by the expression “parts of motor vehicles,” but for tariff purposes the coverage of the proposed provision would likely be goods now classifiable in subheadings

<sup>1</sup> Industry analyst preparing report: Laura Polly (202-205-3408); Tariff Affairs contact: Jan Summers (202-205-2605).

<sup>2</sup> An electronic copy of this memorandum is available at [http://usitc.gov/tata/hts/other/rel\\_doc/bill\\_reports/index.htm](http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm).

8708.99.55 through 8708.99.80 that Customs considers to be parts of the named vehicles. No specific information on the nature of imported parts is available from the proponent, but goods classifiable outside the range of subheadings set forth above would not be included because of the rules for classification of goods in the tariff schedule. Leading sources of U.S. imports of log forwarders include Canada, Finland, and Sweden; sources of parts cannot be determined.

**Estimated effect on customs revenue:**

Industry sources advise us that at present no complete log forwarders are imported as a unit, because the general duty rate set forth in the HTS for the applicable provision (according to Customs, subheading 8704.23.00) is 25 percent ad valorem. Data set forth below reflect industry estimates of the separate imports of tractors for log forwarders and for trailers for these vehicles under 8708.99.80, which Customs agrees is the correct classification for these separately presented components, at a general duty rate of 2.5 percent ad valorem. Data in the third table reflect estimated imports of parts of log forwarders as described by industry; these goods are in tariff terms “parts of parts” because they are used in the tractors or trailers that are themselves treated as parts of vehicles. No industry data are available, and the Commission is attempting to get information from Customs about the range of goods that might be classifiable in the proposed parts provision.

<b>Total Estimated Revenue Loss for this Bill</b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Customs revenue loss</b>	\$1,905,464	\$2,005,464	\$2,105,464	\$2,205,464	\$2,305,464

<b>HTS subheading: <u>8708.99.80</u><sup>1</sup></b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$18,000,000	\$22,000,000	\$26,000,000	\$30,000,000	\$34,000,000
Customs revenue loss	\$450,000	\$550,000	\$650,000	\$750,000	\$850,000

<sup>1</sup> Although the bill would create subheading 8704.90.10 for this product, log forwarders are classified under subheadings 8704.21.00 through 8704.23.00 (primarily the latter) based on the weight of the vehicle. As noted above, the proponent asserts that no log forwarders are imported under HTS heading 8704 because of the prohibitive 25 percent tariff. Currently, industry sources say that log forwarders are imported in two pieces—the tractor and the self-propelled trailer—under HTS 8708.99.80, and are assessed a duty of 2.5 percent. Assembly is then performed in the United States. Therefore, the proponent asserts that revenue loss should be calculated using the 2.5 percent duty rather than the 25 percent duty.

Source of estimated dutiable import data: Commission estimates based on industry information.

<b>HTS subheading: <u>8708.99.51</u><sup>1</sup></b>					
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>

<b>HTS subheading: 8708.99.51<sup>1</sup></b>					
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$58,218,570	\$58,218,570	\$58,218,570	\$58,218,570	\$58,218,570
Customs revenue loss	\$1,455,464	\$1,455,464	\$1,455,464	\$1,455,464	\$1,455,464

<sup>1</sup> Proposed subheading. This category would include a myriad of parts for log forwarders that are not currently provided for separately in the HTS but are classified with all motor vehicle parts in HTS subheadings 8708.99.55-8708.99.73 (these are currently dutiable categories; other goods incorporated in log forwarders are classifiable in other HS headings, such as that for engines). The proponent is not able to provide an estimate of the dutiable value of such parts; the Commission estimates the dutiable value of parts of log forwarders based on 1 percent of the dutiable value of imports under these subheadings (at a duty rate of 2.5 percent) for 2004. We note that current imports under HTS 8708.99.80 may largely comprise tractors and trailers, as discussed above, and that our 1 percent estimate may overstate actual imports.

Source of estimated dutiable import data: Commission estimates.

**Contacts with domestic firms/organizations (including the proponent):**

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
Deere and Company (Proponent) John Rauber, 202-223-4817	10/20/05	No	Yes	No
Ponsse North America (Proponent) Ruth Nelson, 715-369-4833	10/20/05	No	No	No
Barko Hydraulics, LLC	10/20/05	No	No	No
Blount Inc. David Miller, 906-863-9977	10/20/05	Yes	Yes	Yes
Caterpillar Inc. Bill Lane, 202-466-0672	10/20/05	No	No	No
Partek Forest LLC Paul Klocko, 715-524-2820	11/01/05	No	No	No

**Technical comments:<sup>3</sup>**

<sup>3</sup> 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.

A series of Customs rulings indicate that log forwarders are currently classified in 8704.21, 8704.22, or 8704.23, as appropriate, and not in 8704.90.00 (see HQ 957397, Feb. 15, 1994; NY A83723, June 14, 1996; and HQ 959625, Feb. 3, 1998).<sup>4</sup> Therefore, it would seem a new rate line for the composite vehicle should be created there. In addition, parts of log forwarders that could be affected by the bill now fall in HTS subheadings 8708.99.55 through 8708.99.80, so that—if a new superior rate line is created for such dutiable parts—these existing subheadings need to be renumbered. The provisions would appear as follows:

(1) by striking subheading 8704.23.00 and inserting in numerical sequence the following new provisions, with the new superior text having the same degree of indentation as the article description of subheading 8704.21.00:

“8704.23	:	G.V.W. exceeding 20 metric tons:	:	:	:
8704.23.10	:	Log forwarders with cranes,	:	:	:
	:	designed for off-highway use....	:	Free	:
	:		:		: 25%”
	:		:		:
8704.23.90	:	Other.....	:	25%	:
	:		:	Free (A+,AU,B,CA,CL,D,E,	:
	:		:	IL,J,MA,MX,P)	:
	:		:	12.5% (JO)	:
	:		:	20% (SG)	:

Subsection 1(a)(2) of the bill as drafted appears to be structured correctly; the capitalization of the words of the article description is corrected on page 1 of this report. Subsection (b)(2) should refer to “8704.23.00” in line 17 and to “8704.23.90” in line 2 on page 3 of the bill.

<sup>4</sup> Found on the Customs Ruling Online Search System at <http://rulings.customs.gov>.

109TH CONGRESS  
1ST SESSION

# H. R. 3067

To amend the Harmonized Tariff Schedule of the United States to provide a new subheading for certain log forwarders used as motor vehicles for the transport of goods for duty-free treatment consistent with other agricultural use log handling equipment.

---

## IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2005

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

---

## A BILL

To amend the Harmonized Tariff Schedule of the United States to provide a new subheading for certain log forwarders used as motor vehicles for the transport of goods for duty-free treatment consistent with other agricultural use log handling 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. LOG FORWARDERS.**

4 (a) IN GENERAL.—Chapter 87 of the Harmonized  
5 Tariff Schedule of the United States is amended—

6 (1) by striking subheading 8704.90.00 and in-  
7 serting in numerical sequence the following new sub-

1 headings and superior text thereto, with such supe-  
 2 rior text having the same degree of indentation as  
 3 the article description for subheading 8704.90.00, as  
 4 in effect on the day before the date of the enactment  
 5 of this Act:

8704.90.10	Other: Log Forwarders with cranes, designed for off-highway use	Free		Free
8704.90.90	Other .....	25%	Free (A+, AU, B, CA, CL, D, E, IL, J, MX) 12.5% (JO) 20% (SG)	25%

6 and  
 7 (2) by inserting in numerical sequence the fol-  
 8 lowing new subheading, with the article description  
 9 having the same degree of indentation as the supe-  
 10 rior text to subheading 8708.99.52:

8708.99.51	Parts of Log Forwarders	Free		Free
------------	-------------------------	------	--	------

11 (b) STAGED RATE REDUCTIONS.—Any staged reduc-  
 12 tion of a rate of duty proclaimed by the President before  
 13 the date of the enactment of this Act, that—

14 (1) would take effect on or after such date of  
 15 enactment, and

16 (2) would, but for the amendments made by  
 17 subsection (a), apply to subheading 8704.90.00 of  
 18 the Harmonized Tariff Schedule of the United  
 19 States,

1 applies to the corresponding rate of duty set forth in sub-  
2 heading 8704.90.90 of such Schedule (as added by sub-  
3 section (a)).

4 (c) EFFECTIVE DATE.—The amendments made by  
5 subsection (a) and (b) shall apply with respect to the arti-  
6 cles entered, or withdrawn from warehouse for consump-  
7 tion, on or after the 15th day after the date of the enact-  
8 ment of this Act.

○