

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: April 20, 2006]²

Bill No. and sponsor: H.R. 3120 (Mr. Ray LaHood of Illinois).

Proponent name, location: Caterpillar, Peoria, IL.

Other bills on product (109th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2007.

Retroactive effect: None.

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

Used fuel, lubricating or cooling medium pumps for internal combustion piston engines (provided for in subheading 8413.30.10 or 8413.30.90).

Used compression-ignition internal combustion piston engines to be installed in vehicles of subheading 8701.20 or heading 8704 (provided for in subheading 8408.20.20).

Used gear boxes for the vehicles of subheading 8701.20 or heading 8704 (provided for in subheading 8708.40.10).

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:

As used motor vehicle components, these products are not manufactured in the traditional sense, but are imported for the purpose of remanufacturing. During the remanufacturing process, used parts (known as “cores”) are disassembled. The component parts are then cleaned, repaired, or replaced prior to reassembly to sound working condition. Pumps circulate fuel, lubricating, or cooling fluids and gases through a vehicle engine by increasing or decreasing pressure. Gear boxes (commonly referred to as transmissions) multiply engine torque through the use of shafts and gears; the subject components are for use in road tractors for semi-trailers and motor vehicles for the transport of goods (trucks). Compression-ignition internal combustion piston engines (diesel engines) provide power by compressing air within the pistons at high pressure to ignite the incoming fuel, rather than using a carburetor and ignition system (i.e., spark plugs) to ignite the fuel in spark-ignition internal combustion engines. The subject engines are for use in road tractors for semi-trailers and motor vehicles for the transport of goods (trucks).

¹ Industry analyst preparing report: Deborah McNay (202-205-3425); Tariff Affairs contact: Jan Summers (202-205-2605).

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

Because these parts are imported as used, the country of origin of original manufacture is often difficult to determine. Moreover, current HTS classifications do not distinguish between new and used vehicle components. However, leading sources of U.S. imports of new and used parts for each category are: Germany and Japan (pumps); Germany, Brazil, and Sweden (engines); and France and Japan (gear boxes).

Estimated effect on customs revenue:

Total Estimated Revenue Loss for this Bill					
	2005	2006	2007	2008	2009
Customs revenue loss	\$712,500	\$712,500	\$712,500	\$712,500	\$712,500

HTS subheading: <u>8413.30</u>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000	\$16,000,000
Customs revenue loss	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000

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

HTS subheading: <u>8408.20.20</u>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Customs revenue loss	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

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

HTS subheading: <u>8708.40.10</u>					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Customs revenue loss	\$62,500	\$62,500	\$62,500	\$62,500	\$62,500

Source of estimated dutiable import data: Industry and Commission staff 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?
			(Yes/No)	
Caterpillar, Inc. (Proponent)	11/03/05	No	Yes	No
Bill Lane and Mark Tyndall, (202) 466-0672	11/04/05			
Automotive Parts Rebuilders Association	11/04/05	No	No	No
William C. Gager, (703) 968-2772, ext. 103	11/10/05			

Technical comments:³ None.

³ 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
1ST SESSION

H. R. 3120

To suspend temporarily the duty on certain cores used in remanufacture.

IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2005

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

A BILL

To suspend temporarily the duty on certain cores used in
remanufacture.

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 CORES USED IN REMANUFACTURE.**

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 headings:

“	9902.05.70	Used fuel, lubricating or cooling medium pumps for internal combustion piston engines (provided for in subheading 8413.30.10 or 8413.30.90	Free	No change	No change	On or before 12/31/2007	”
	9902.05.71	Used compression-ignition internal combustion piston engines to be installed in vehicles of subheading 8701.20 or heading 8704 (provided for in subheading 8408.20.20)	Free	No change	No change	On or before 12/31/2007	
	9902.05.72	Used gear boxes for the vehicles of subheading 8701.20 or heading 8704 (provided for in subheading 8708.40.10)	Free	No change	No change	On or before 12/31/2007	

1 (b) **EFFECTIVE DATE.**—The amendment made by
 2 subsection (a) applies to goods entered, or withdrawn from
 3 warehouse for consumption, on or after the 15th day after
 4 the date of enactment of this Act.

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