

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: July 31, 2006]²

Bill No. and sponsor: S. 2220 (Mr. Jim DeMint, SC).

Proponent name, location: Michelin North America, Inc., Greenville, NC

Other bills on product (109th Congress only): H.R. 4483.

Nature of bill: Extension of existing temporary duty suspension through December 31, 2009.

Retroactive effect: None.

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, or parts thereof (provided for in subheading 8477.59.00 or 8477.90.85).

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:

Tire-building machines 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.³ The principal import source of these machines is France.

¹ Industry analyst preparing report: Dennis Fravel (202-205-3404); Tariff Affairs contact: Jan Summers (202-205-2605).

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

³ The term “numerically controlled” means computer numerically controlled, in which the control system adds fully 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.

Estimated effect on customs revenue:

Total Estimated Loss for this Bill					
	2006	2007	2008	2009	2010
Customs revenue loss ^{1/}	\$254,200	\$254,200	\$186,000	\$372,000	\$372,000

^{1/} The estimated customs revenue loss for 2006 reflects the existing duty suspension under heading 9902.84.88 that expires on December 31, 2006.

Source of estimated dutiable import data: Sum of table totals below.

HTS subheading: <u>8477.59.00</u>					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$8,000,000	\$8,000,000	\$4,800,000	\$9,600,000	\$9,600,000
Customs revenue loss ^{1/}	\$248,000	\$248,000	\$148,800	\$297,600	\$297,600

^{1/}The estimated customs revenue loss for 2006 reflects the existing duty suspension under heading 9902.84.88 that expires on December 31, 2006. However, the existing description in heading 9902.84.88 referencing subheading 8477.51.00 is likely incorrect and should refer instead to HTS subheading 8477.59.00. See Technical comments at the end of this report.

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

HTS subheading: <u>8477.90.85</u>					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$200,000	\$200,000	\$1,200,000	\$2,400,000	\$2,400,000
Customs revenue loss ^{1/}	\$6,200	\$6,200	\$37,200	\$74,400	\$74,400

^{1/} The estimated customs revenue loss for 2006 reflects the existing duty suspension under heading 9902.84.88 that expires on December 31, 2006.

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

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

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Michelin North America, Inc. (Proponent) Steve Evered, 864-458-5080	4/18/2006	No	No	No
Bridgestone Firestone, Inc. Steve Akey, 202-354-8220	5/15/2006	No	No	No
Continental Tire North America, Inc. Tom Williams, 704-583-8570	5/17/2006	No	No	No
Goodyear Tire & Rubber Co. Isabel Jasinowski, 202-682-9250	5/15/2006	No	No	No
McNeil & NRM Bob Nelson, 330-253-2525	5/17/2006	No	No	No
RRR Development Co., Inc. Bob Irwin, 330-966-8855	5/26/2006	Yes	Yes	Yes
Titan Tire Corp. Bill Campbell, 515-265-9200	5/15/2006	No	No	No

Technical comments:⁴

According to information from the proponent, the machines described as machinery for molding or otherwise forming uncured, unvulcanized rubber 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 are tire-building machines that form a “green tire” by assembling the tire tread, ply, belts, sidewalls, inner liner, and bead.

Based upon discussions between the U.S. Customs and Border Protection National Import Specialist and Commission staff, tire-building machines are likely to be classified under HTS subheading 8477.59.00 (machinery for otherwise forming) rather than under subheading 8477.51.00 (for molding or retreading pneumatic tires or for molding or otherwise forming inner tubes). The tariff rate of both tariff lines is the same (3.1 percent ad valorem). It is necessary to amend the existing duty suspension’s description to reflect the correct classification, in view of Customs’ attention to this matter, so that the goods of interest to proponent can receive the intended treatment.

⁴ 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
2^D SESSION

S. 2220

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

IN THE SENATE OF THE UNITED STATES

JANUARY 30, 2006

Mr. DEMINT introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

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

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 FOR**
4 **MOLDING.**

5 (a) IN GENERAL.—Heading 9902.84.88 of the Har-
6 monized Tariff Schedule of the United States (relating to
7 certain manufacturing equipment) is amended by striking
8 “12/31/2006” and inserting “12/31/2009”.

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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