

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress¹**

[Date approved: August 26, 2008]²

Bill No. and sponsor: H.R. 5205 (Mrs. Ellen O. Tauscher of California).

Proponent name,³ location: Applied Materials, Inc., Santa Clara, CA.

Other bills on product (110th Congress only): None.

Nature of bill: Temporary duty suspension through December 31, 2011.

Retroactive effect: None.

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

Cathode drive units, each comprising a gearmotor assembly rated at 89 W DC with cooling water lead-through (provided for in subheading 8501.31.40).

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:

The cathode drive unit of interest to the proponent is a custom-designed and -built assembly, used to rotate a metal or ceramic target inside of a glass industry vacuum coating chamber. The unit is an 89 W DC gearmotor⁴ assembly with transmission elements, and has flanges for connecting to adjacent assemblies. The proponent indicates that this product may be used in semiconductor, liquid crystal display, and/or solar cell fabrication machinery. Japan and Germany are the principal import sources of these cathode drive units. Dutiable U.S. imports under HTS subheading 8501.31.40 (a broader category than is covered by this bill) totaled \$302.2 million in 2007, of which Japan and Germany accounted for \$79.7 million and \$27.3 million in shipments, respectively. China, the leading supplier of all goods under this subheading, supplied \$110.7 million.

¹ Industry analyst preparing report: Aaron Miller (202-205-3442); Tariff Affairs contact: Jan Summers (202-205-2605).

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

³ The sponsor/proponent did not identify any additional beneficiaries of this bill.

⁴ A gearmotor is an electric motor that incorporates one or several speed-reducing gears in the same unit. The reducing gears can either be on a parallel shaft or at a right angle.

Estimated effect on customs revenue:

HTS subheading: 8501.31.40					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	4.0%	4.0%	4.0%	4.0%	4.0%
Estimated value <i>dutiable</i> imports	\$302,200,000	\$302,200,000	\$302,200,000	\$302,200,000	\$302,200,000
Customs revenue loss	\$12,088,000	\$12,088,000	\$12,088,000	\$12,088,000	\$12,088,000

Source of estimated dutiable import data: Official U.S. Government statistics.⁵

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)		
Applied Materials, Inc. (Proponent) Joe Pasetti, 202-638-443, ext. 6	04/30/2008	No	No	No
Aerotech, Inc. Missy Emery, 412-963-7470	06/20/2008	No	No	No
American Gear Manufacturers Association Joe T. Franklin, 703-684-0211	06/09/2008	No	No	No
Baldor Electric Co. Betty Hale, 479-646-4711	06/20/2008	No	No	No
CMC Torque Systems Christie Hightsman, 216-524-8800	06/20/2008	No	No	No
Corning, Inc. Debra Waggoner, waggonerdl@corning.com	06/06/2008	No	No	No
Glentek, Inc. Milt Vasak, 310-322-3026	06/11/2008	No	No	No
MicroMo Electronics, Inc. Mary Malincheck, 727-572-0131	06/20/2008	No	No	No
National Electrical Manufacturers Association John Meakem, Joh_Meakem@nema.org	06/06/2008	No	No	No
Nor-Cal Products, Inc. David Stone, davidstone@n-c.com	06/06/2008	No	No	No
Novellus Systems, Inc. P. Prasad, pushpita.prasad@novellus.com	06/05/2008	No	Yes	No
Qioptiq Imaging Solutions John Gebhardt, john.gebhardt@ny.qioptiq.com	06/06/2008	No	No	No

⁵ Estimated import data based on the proposed revised product description were not provided by the proponent for its imports. It is likely that the figures shown for imports and customs revenue loss overstate the potential actual imports and revenue loss for the products concerned, but more precise information is unavailable.

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
SAES Pure Gas, Inc. C. Landoni, cristian_landon@saes-group.com	06/05/2008	No	No	No
Xandex, Inc. N. Manoochehri, nmanoochehri@xandex.com	06/05/2008	No	No	No

Technical comments:⁶

The product description should be amended as shown on page 1, to simplify the criteria employed and to conform to normal drafting practices in the HTS. Customs and Border Protection would likely have difficulty administering the language in the bill as drafted, because the physical characteristics of the product are very specific and would require verification. The amended description takes into account information from the proponent indicating that the phrase “89-Kilowatt Gearmotor” is incorrect and was intended to read “89 watt DC gearmotor.”

⁶ 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.

110TH CONGRESS
2D SESSION

H. R. 5205

To suspend temporarily the duty on cathode drive unit includes 89-Kilowatt Gearmotor, synchronous belt, stainless steel bearing housing, bearings, stainless steel drive shaft, cooling water lead-through, stainless steel drive flange connection, rubber seals, PEEK high performance plastic, insulators, water fittings and metric stainless steel hardware.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 2008

Mrs. TAUSCHER introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To suspend temporarily the duty on cathode drive unit includes 89-Kilowatt Gearmotor, synchronous belt, stainless steel bearing housing, bearings, stainless steel drive shaft, cooling water lead-through, stainless steel drive flange connection, rubber seals, PEEK high performance plastic, insulators, water fittings and metric stainless steel hardware.

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. CATHODE DRIVE UNIT INCLUDES 89-KILOWATT**
 2 **GEARMOTOR, SYNCHRONOUS BELT, STAIN-**
 3 **LESS STEEL BEARING HOUSING, BEARINGS,**
 4 **STAINLESS STEEL DRIVE SHAFT, COOLING**
 5 **WATER LEAD-THROUGH, STAINLESS STEEL**
 6 **DRIVE FLANGE CONNECTION, RUBBER**
 7 **SEALS, PEEK HIGH PERFORMANCE PLASTIC,**
 8 **INSULATORS, WATER FITTINGS AND METRIC**
 9 **STAINLESS STEEL HARDWARE.**

10 (a) **IN GENERAL.**—Subchapter II of chapter 99 of
 11 the Harmonized Tariff Schedule of the United States is
 12 amended by inserting in numerical sequence the following
 13 new heading:

“	9902.01.00	Cathode drive unit includes 89-Kilowatt Gearmotor, synchronous belt, stainless steel bearing housing, bearings, stainless steel drive shaft, cooling water lead-through, stainless steel drive flange connection, rubber seals, PEEK high performance plastic, insulators, water fittings and metric stainless steel hardware (provided for in subheading 8501.31.40) ...	Free	No change	No change	On or before 12/31/2011	”.
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14 (b) **EFFECTIVE DATE.**—The amendment made by
 15 subsection (a) applies to articles entered, or withdrawn
 16 from warehouse for consumption, on or after the 15th day
 17 after the date of the enactment of this Act.

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