

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: July 22, 2008]²

Bill No. and sponsor: H.R. 5397 (Mr. Paul W. Hodes of New Hampshire).

Proponent name,³ location: Segway, Inc., Bedford, NH.

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)):

Assemblies containing nickel metal hydride or lithium-ion storage batteries (provided for in subheading 8507.80.80), the foregoing designed for use in electrically powered personal transportation devices of subheading 8711.90.00, such devices balanced by gyroscope sensors and onboard microprocessors and with two independent non-tandem wheels.

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:

Nickel metal-hydride (NiMH) and lithium-ion storage batteries that can be charged between 100 and 240 volts (V) are the main batteries for the Segway Human Transporter vehicle—an electrically powered transportation device that is balanced by gyroscope sensors and onboard microprocessors and uses two independent non-tandem wheels. The NiMH battery is a type of rechargeable battery that uses a hydrogen-absorbing alloy for the negative electrode and nickel oxyhydroxide for the positive electrode. The lithium-ion battery is also a rechargeable battery, one that uses a lithium ion to move from the anode to the cathode during discharge and from the cathode to the anode while the battery charges. In terms of differences between the two batteries, the NiMH battery has lower volumetric energy density and higher self-discharge than the lithium-ion battery, while, for use in this vehicle, the lithium-ion battery generally provides greater range of use over the NiMH battery. Both types of battery use gangs of cells that form a battery assembly to power the vehicle. The configuration and structure of the battery reflect company design as well as its intended use. These battery assemblies are imported from China, which accounted for \$510.3 million of the total dutiable U.S. imports of approximately \$1.1 billion under subheading 8507.80.80 (a broader category than is covered by this bill).

¹ Industry analyst preparing report: Sam Easterly (202-205-3350); 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 identified one additional beneficiary of this bill. USITC staff sent an inquiry to the additional beneficiary but did not receive a written representation that it would benefit from this bill.

Estimated effect on customs revenue:

HTS subheading: 8507.80.80					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	3.4%	3.4%	3.4%	3.4%	3.4%
Estimated value <i>dutiable</i> imports	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000
Customs revenue loss	\$306,000	\$306,000	\$306,000	\$306,000	\$306,000

Source of estimated dutiable import data: Industry and Commission staff estimates. The subject batteries are believed to comprise only a small portion of the entire range of batteries covered by this subheading, which is the residual category for electric storage batteries.

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?
Segway, Inc. (Proponent) Matt Dailida, matt.dailida@segway.com	05/22/2008	No	No	No
Valence Technology Roger Williams, Roger.Williams@Valence.com	05/29/2008	No	No	No
PowerStream Technology Mark Lund, mlund@powerstream.com	06/02/2008	No	No	No
SAFT Batteries Jorge Pacheco, jorge.pacheco@saftbatteries.com	06/02/2008	No	No	No

Technical comments:⁴

The article description should be amended as shown on page 1, to clarify the goods intended to be covered and their classification.

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.

110TH CONGRESS
2D SESSION

H. R. 5397

To suspend temporarily the duty on certain battery assemblies.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 2008

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

A BILL

To suspend temporarily the duty on certain battery assemblies.

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 BATTERY ASSEMBLIES.**

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	Battery assembly containing Nickel Metal Hydride or Lithium-ion storage batteries designed for use in two-wheeled, electrically powered transportation devices balanced by gyroscope sensors and onboard microprocessors with two independent non-tandem wheels, of heading 8711 (provided for in sub-heading 8507.80.80)	Free	No change	No change	On or before 12/31/2011	”.
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1 (b) **EFFECTIVE DATE.**—The amendment made by
2 subsection (a) applies to articles entered, or withdrawn
3 from warehouse for consumption, on or after the 15th day
4 after the date of the enactment of this Act.

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