



MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

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

Composite units each comprising a power electronics box and a static converter, such units capable of performing the functions of an AC inverter and an auxiliary power module, capable of reducing DC voltage from 42 V (supplied by battery) to 12 V output and providing three-phase AC output to motor generator unit, the foregoing certified by the importer for use in hybrid electric motor vehicles (provided for in subheading 8504.40.95).

Description above compared with bill as introduced:

- Same
 Different (see Technical Comments section)

III. Other product information, including uses/applications and source(s) of imports

The subject products are units designed to manage power in hybrid electric motor vehicles. An inverter is an electrical device that is used to turn a direct current (DC) into an alternating current (AC) at any required voltage, while a converter generally does the opposite conversion but also may operate to reduce DC voltage. The subject power electronics box is a combination AC inverter and auxiliary power module. An auxiliary power module reduces the DC voltage from a 42 volt hybrid battery to a 12 volt output, while the inverter uses a hybrid battery voltage as an input and provides a three-phase AC output to the motor generator unit. The major source of imports is Japan.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	8504.40.95				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty (%)	1.5	1.5	1.5	1.5	1.5
Estimated value of <i>dutiable</i> imports (\$)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Customs revenue loss (\$)	150,000	150,000	150,000	150,000	150,000

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce
 Provided by industry sources
 Industry information
 Commission estimates

Duty reduction notes:

- This bill is not a duty reduction
 This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%) Temporary rate (%) Percentage point reduction (%)

V. Technical comments

The article description set forth above was modified in an attempt to describe more closely the product imported by the interested entity. However, given the relative newness of hybrid vehicle technology, the absence of permanent tariff provisions designed to describe the products, and the proprietary nature of each type of imported product and overall technology, the description may present interpretative issues for Customs officials.

VI. Continuation

Suggested Article Description... -- continued:

If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.

VII. Contacts with domestic firms/organizations

#	Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
1	General Motors (Interested entity) Brad Welling	202-775-5041	No	No	No
2	Chrysler Kristina Pisanelli	202-414-6763	No	No	No
3	Delphi Dina Vizzaccaro	202-824-0412	No	No	No
4	Denso International America, Inc. Robert Townsend	248-350-7500	No	No	No
5	Ford Michael Sheridan	202-785-6014	No	No	No
6	Honda Tara Hairston	202-661-4400	No	No	No
7	Motor & Equipment Manufacturers Association (MEMA) Catherine Boland	202-312-9241	Yes	Yes	Yes
8	National Electrical Manufacturers Association (NEMA) Craig Updyke	703-841-3294	No	No	No
9	Nissan Yuko Hanada	571-205-4217	No	No	No
10	Robert Bosch Norman Johnson	248-876-2930	No	No	No
11	Toyota Yuri Unno	202-463-6802	No	No	No
12	Visteon Michael Sharnas	734-710-5236	No	No	No
13	TDK U.S.A. Corp. Jeffrey Williams	516-535-2882	No	No	No
14	Parker Hannifin Aidan Gormley	216-896-3258	No	No	No



Motor & Equipment Manufacturers Association

Your First Call for Global Intelligence on the Motor Vehicle Supplier Industry

1030 15th Street, NW, Suite 500 East • Washington, DC 20005
202-393-6362 • Fax: 202-737-3742 • www.mema.org

July 18, 2012

The Honorable Dave Camp
Chairman
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways & Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Camp and Ranking Member Levin:

The Motor & Equipment Manufacturers Association (MEMA) represents over 700 companies that manufacture and remanufacture motor vehicle parts for use in the light and heavy-duty vehicle original equipment and aftermarket industries. Motor vehicle parts manufacturers are the nation's largest manufacturing sector, directly employing over 685,000 American workers. MEMA represents its members through four affiliate associations: Automotive Aftermarket Suppliers Association (AASA), Heavy Duty Manufacturers Association (HDMA), Motor & Equipment Remanufacturers Association (MERA) and the Original Equipment Suppliers Association (OESA).

MEMA supports the goals of the Miscellaneous Tariff Bill (MTB) and your efforts to seek its passage during the 112th Congress. The MTB is a sound, fair and transparent public policy tool that enables American manufacturers, without harm to domestic producers, to lower production costs and in turn improve their competitiveness in an increasingly competitive global economy.

At the same time, MEMA joins member companies in opposing H.R. 4903 as that legislation would convey an unfair tariff benefit to foreign competitors while threatening U.S. based motor vehicle parts suppliers. MEMA urges the committee to exercise due diligence, in partnership with the International Trade Commission (ITC), as it examines the merits of the aforementioned bill and urges the removal of the provision from MTB legislation.

MEMA's member companies are a key component to the nation's economic recovery. Your support in ensuring the MTB maintains a level playing field for domestic manufacturers is greatly appreciated. Should you have questions, please contact Dan Houton at dhouton@mema.org or 202-312-9250.

Sincerely,

Ann Wilson
Senior Vice President, Government Affairs



Automotive Aftermarket
Suppliers Association



Heavy Duty
Manufacturers Association



Motor & Equipment
Remanufacturers Association



Original Equipment
Suppliers Association

112TH CONGRESS
2^D SESSION

H. R. 4903

To suspend temporarily the duty on power electronic boxes and static converter composite units.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2012

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

A BILL

To suspend temporarily the duty on power electronic boxes and static converter composite units.

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. POWER ELECTRONIC BOXES AND STATIC CON-**
4 **VERTER COMPOSITE UNITS.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of
6 the Harmonized Tariff Schedule of the United States is
7 amended by inserting in numerical sequence the following
8 new heading:

“	9902.01.00	Power electronics box and static converter composite units, each capable of performing the functions of an AC inverter and an auxiliary power module, capable of reducing DC voltage from 42 V (supplied by battery) to 12 V output and providing three-phase AC output to motor generator unit, the foregoing certified by the importer for use in hybrid electric motor vehicles (provided for in subheading 8504.40.95)	Free	No change	No change	On or before 12/31/2015	”.
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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 the enactment of this Act.

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