



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)):

Drive axles with differential, whether or not provided with other transmission components, the foregoing designed for use in log skidders, forwarders, articulated dump trucks or similar vehicles with articulated steering (provided for in subheading 8708.50.61)

(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.)

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, drive axles (also known as live axles), are crossbars or assemblies that support the vehicle and also drive the wheels connected to them. The attached differential is a geared assembly that allows the transmission of motion between drive axles, giving one axle the ability to turn faster than the other. These axles are to be used in log skidders, forwarders, articulated dump trucks, and similar articulated steer vehicles. Sweden, Mexico, Spain, and Canada are leading U.S. suppliers of these imports.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	8708.50.61				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	2.5	2.5	2.5	2.5	2.5
Estimated value of <i>dutiable</i> imports (\$)	6,600,000	6,600,000	6,600,000	6,600,000	6,600,000
Customs revenue loss (\$)	165,000	165,000	165,000	165,000	165,000

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

S. 2510 is identical to this proposed legislation. H.R. 4950 provides a temporary duty suspension to imports of all drive axles, whether or not provided with other transmission components, that are provided for in HTS subheading 8708.50.61. According to the interested entity, the product description should reference log skidders, forwarders, articulated dump trucks, and articulated steer vehicles rather than off-road construction loaders and backhoes. This input was reflected in the revised description set forth above.

VI. Continuation

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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	John Deere (Interested entity) Sarah Dean	202-423-2286	No	No	No
2	American Axle and Manufacturing Bill Smith	313-758-4884	No	No	No
3	AxleTech International Lou Bogart	248-637-5626	No	No	No
4	BorgWarner Scott D. Gallett	248-373-3996	No	No	No
5	Caterpillar Christopher Myers	202-466-0671	No	No	No
6	Dana Holding Toni Simonetti	734-629-1279	No	No	No
7	Marmon-Herrington Jason MacGregor	502-253-0277	No	No	No
8	Meritor Jerry Rush	248-435-7907	No	No	No
9	ZF Bryan Johnson	734-582-8011	No	No	No

112TH CONGRESS
2D SESSION

H. R. 5335

To suspend temporarily the rate of duty on certain drive axles designed for use in off-road construction loaders and backhoes.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2012

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

A BILL

To suspend temporarily the rate of duty on certain drive axles designed for use in off-road construction loaders and backhoes.

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 DRIVE AXLES DESIGNED FOR USE IN**
4 **OFF-ROAD CONSTRUCTION LOADERS AND**
5 **BACKHOES.**

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

“	9902.01.00	Drive axles with differential, whether or not provided with other transmission components (provided for in subheading 8708.50.61) designed for use in off-road construction loaders and backhoes	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 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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