

April 16, 1998

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

MEMORANDUM TO THE COMMITTEE ON FINANCE OF THE UNITED STATES
SENATE ON PROPOSED TARIFF LEGISLATION¹

Bill no., sponsor, and sponsor's state: S. 915 (105th Congress), Senator Thurmond (SC).

Companion bill: H.R. 1945 (105th Congress), Representative Spence (SC) .

Title as introduced:

A bill to amend the Harmonized Tariff Schedule (HTS) of the United States to suspend temporarily the duty on certain manufacturing equipment.

Summary of bill:²

This bill would temporarily suspend the duty on certain manufacturing equipment used to make tires:

- (1) Calendering machinery and parts thereof
- (2) Shearing machines
- (3) Machine tools for working wire of iron or steel and parts thereof
- (4) Extruders and parts thereof
- (5) Machinery for molding, retreading, or forming rubber and parts thereof
- (6) Sector mold press machines and parts thereof
- (7) Sawing machines

Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States would be amended; seven new headings would be inserted.

Effective date: 15th day after enactment.

Retroactive effect: May 1, 1997 through the 15th day after the date of enactment.

Statement of purpose:

Senator Thurmond stated in the *Congressional Record*:

I rise today to introduce a bill which will suspend the duties imposed on certain

¹ Industry analyst: Susan H. Lusi (205-2334); attorney: Leo Webb (205-2599).

² See appendix A for definitions of tariff and trade agreement terms.

equipment used to manufacture earthmoving tires. Currently, these machines are not manufactured in the United States nor is a substitute readily available. Therefore, suspending the duties on these items would not adversely affect domestic industries. Suspending the duty on these machines will benefit the consumers of earthmoving tires. Currently, demand for these tires exceeds supply and this suspension would not harm other manufacturers.³

Product description and uses:

Calendering or other rolling machines for rubber valued at not less than \$2.2 million each, numerically controlled⁴ and parts thereof contained in HTS subheadings 8420.10.90, 8420.91.90, 8420.99.90:

Calendering or other rolling machines for rubber valued at not less than \$2.2 million each, numerically controlled⁵ These machines consist of two or more parallel cylinders that revolve in the same direction to form a rubber sheet. They may also be used to bond, coat, or seal the material. The subheadings also cover parts of calendering machines.

Shearing machines contained in HTS subheading 8462.31.00:

These shearing machines can straight cut metallic tissue (rubberized steel tire cord and/or stranded wire), a length of 5 meters or more across the width of the tissue. These machines are numerically controlled and are valued at not less than \$750,000 each. During the operation, the cutting of the metallic tissue machine is performed by a blade that is actuated by either hydraulic or mechanical means. Based on discussions with industry sources, these machines probably include attachments to feed the work piece through the shearing machine.⁶

Machine tools for working wire of iron or steel contained in HTS subheading 8463.30.00:

Machine tools for working wire of iron or steel for use in products provided for in HTS subheading 4011.20.10 (new pneumatic tires, of rubber, of a kind used on buses or trucks, either on-the-highway or off-the-highway). These machines are used to make beads (rubber coated wire) that are stranded together, wrapped again with rubber and formed into a hoop that is

³ *Congressional Record*, June 17, 1997, p. S-5791.

⁴ All of the machines described in this bill, except those in HTS subheading 8465.91.00, sawing machines, are numerically controlled. Numerical controls are machine tool control systems that operate a machine by means of numerically coded programs that are inserted or fed into the systems on tape, punched cards, dials, plugs, preset switches, or by playback of prerecorded operating systems. In many instances, such controls resemble personal computer keyboards and consoles.

⁵ *Ibid.*

⁶ Commission staff phone conversation with official at Spadone Machine Co. on July 22, 1997.

placed on the inner circumference of the tire providing support where the tire meets the wheel rim. These machines are numerically controlled and are valued at not less than \$375,000 each.

Extruders contained in HTS subheadings 8477.20.00, 8477.90.80:

Extruders of a type used for processing rubber or the manufacture of products from rubber, numerically controlled and valued at not less than \$2 million. In the tire manufacturing process, extruders are used to mix and form rubber by heating and steadily pressing the material through a barrel. The extruder is attached to a mold where the rubber is then fed and shaped for further processing.

Machinery for molding, retreading, or otherwise forming uncured, unvulcanized rubber contained in HTS subheadings 8477.51.00, 8477.90.80:

Machinery for molding, retreading, or otherwise forming uncured, unvulcanized rubber for use in processing pneumatic tires valued at not less than \$800,000. These are tire building machines designed to assemble the layers of rubber and fabric of which earthmoving tires are composed. The machines consist of a belt building drum, tread applier, belt servicer and in line transfer system, a carcass shaping station and a stitcher assembly. Layer by layer, the tire material is wound onto the drum and then pressed into shape. Sector mold press machines, numerically controlled, and valued at not less than \$1 million are also included in this subheading. These machines are used in the final curing stage; tires are put into a mold, heated and shaped to their final form.

Parts contained in HTS subheading 8477.90.80:

Parts of extruders, tire building machines, and sector mold presses may be claimed under this HTS subheading. Parts of injection molds, blow molding machines, and vacuum molding are also included. Parts covered by this subheading are not restricted to parts of machines described in the proposed legislation.

Sawing machines contained in HTS subheading 8465.91.00:

Sawing machines, as described in the proposed legislation, are custom-built machine tools, which are numerically controlled and are valued at not less than \$600,000 each and weigh 18,000 kg or more, and are designed to saw cured, vulcanized rubber described in HTS heading 4011 (new pneumatic tires, of rubber). Since these machines will be working vulcanized rubber (i.e., rubber that has been cured, and therefore formed in the last stage of tire manufacture), such machines will be used to saw finished tires described in HTS heading 4011 for quality control inspection.

Tariff treatment:⁷

| <u>Product</u> | <u>HTS subheading</u> | <u>Col. 1-general rate of duty (percent ad valorem)</u> |
|---|-----------------------|---|
| Calendering machine..... | 8420.10.90 | 0.7 |
| Cylinders (parts) of calendering machines..... | 8420.91.90 | 0.7 |
| Other parts of calendering machines..... | 8420.99.90 | 0.7 |
| Shearing machines..... | 8462.31.00 | 4.4 |
| Machines for working wire of iron or steel..... | 8463.30.00 | 4.4 |
| Sawing machines..... | 8465.91.00 | 3.0 |
| Extruders..... | 8477.20.00 | 3.3 |
| Machines for molding/ retreading tires and sector mold presses..... | 8477.51.00 | 3.3 |
| Parts of extruders, machines for molding/ sector mold presses..... | 8477.90.80 | 3.3 |

Structure of domestic industry (including competing products):

There are no U.S. producers of the machines described in the proposed legislation according to independent machinery producers contacted by Commission staff.⁸ However, several U.S. companies produce smaller machines and claim to have the capability of producing larger machines. There are U.S. manufacturers who supply parts of extruders, calendering and shearing machines and other machines described in the proposed legislation. These manufacturers may solely supply the tire industry, or many industries involved in processing rubber. It is difficult to determine the number of parts manufacturers that would be affected by the bill. As the proposed legislation is written, all parts covered under the specified HTS subheadings would qualify for a duty exemption, not just those who supply the tire industry.⁹ (See technical comments).

Several U.S. tire producers, consumers of these machines, have manufactured their own equipment to produce earthmoving tires and have purchased replacement parts from domestic independent machinery manufacturers.¹⁰ While entire production lines are infrequently replaced, they are subject

⁷ See appendix B for column 1-special and column 2 duty rates.

⁸ Commission staff contacted industry officials at Spadone Machine Co. Inc., Norwalk, CT, Kobelco Stewart-Bolling, Hudson, OH; Davis-Standard, Pawcatuck, CT; McNeil-NRM, Akron, OH; and RJS Corp. in Akron, OH; on July 24, 25, 31, and Aug. 4, 1997.

⁹ According to the *1992 Census of Manufactures*, there are 8 U.S. manufacturers of extruders for working rubber, 21 producers of parts for rubber working machinery, and 29 producers of other machinery for working rubber or making products of rubber. These U.S. manufacturers, and perhaps others who make parts that could be classified under the HTS subheadings in the proposed legislation would be affected by the bill. U.S. Department of Commerce, *1992 Census of Manufactures*, Industry Series MC92-I-35D, p. 21.

¹⁰ Long established manufacturers of earthmoving tires, Goodyear, for example, initially manufactured equipment for their own line while more recent industry entrants are more likely to purchase equipment from independent machinery manufacturers.

to routine maintenance, repair, and improvement which often involve the installation of replacement parts.

The machines described in the proposed legislation are custom built. Tire producers are substantially involved in the design and manufacture of the machines since the equipment is built to specification. In all likelihood the manufacturing process for which the machines are built is highly proprietary process technology.

The proponent claims that it attempted to negotiate contracts with several U.S. machinery manufacturers to produce the equipment, but found none capable of producing equipment of the specifications they required. Based on discussions between Commission staff and machinery producers, it appears that no domestic manufacturer has produced machinery of the size and value indicated in the proposed legislation, although similar machines of lesser value have reportedly been produced.¹¹ These smaller machinery producers often supply consumers of tire manufactures with replacement parts and similar but less costly machines than those described in the proposed legislation.

Private-sector views:

Commission staff contacted three U.S. producers of earthmoving tires and the proponent company, who are consumers and importers of the machinery described in the proposed legislation and similar, but less costly machinery.¹² Commission staff also contacted six independent machinery producers of less costly tire manufacturing machinery.¹³

U.S. consumption:

It appears that no U.S. producer has manufactured machinery of the type described in the HTS subheadings listed in the bill. In 1996, official U.S. trade data showed \$9.2 million in imports and no exports of machines that meet the value parameters for each machine stated in the bill.¹⁴ The

¹¹ Commission staff contacted industry officials at Spadone Machine Co. Inc., Norwalk, CT; Kobelco Stewart-Bolling, Hudson, OH; Davis-Standard, Pawcatuck, CT; and McNeil-NRM, Akron, OH; on July 24, 25, and 31, 1997.

¹² Commission staff contacted industry officials at Bridgestone-Firestone, Nashville, TN; Goodyear, Akron, OH; Michelin North America Inc., Greenville, SC; and Continental-General Tire, Charlotte, NC; on July 24, 25, and 28, 1997. No responses had been received as of the date of the preparation of this report.

¹³ Commission staff contacted industry officials at Spadone Machine Co. Inc., Norwalk, CT; Kobelco Stewart-Bolling, Hudson, OH; Davis-Standard, Pawcatuck, CT; McNeil-NRM, Akron, OH; and Wyko Inc. In Greenback, TN; on July 24, 25, 27, and Aug. 4, 1997. No company has submitted written comments as of the date of preparation of this report

¹⁴ Identifiable imports for machines covered under the HTS subheadings mentioned in the bill and that meet the value thresholds indicated in this bill totaled \$9.68 million in 1994, \$15.6 million in 1995, and \$9.2 million in 1996. The principal import sources were France, Germany, Japan and Canada. These figures are likely to be understated due to reduced value of the equipment in

customized nature of each machine suggests that even if the unit value of an import can be confirmed to meet the value indicated in the bill, the specifications of the machine remain unknown. Therefore, estimates of apparent U.S. consumption cannot be made.

Effect on customs revenue:

The following table presents U.S. imports during 1997, based on official U.S. import statistics, that met the value thresholds for the machines enumerated in the bill, but which did not necessarily match the machine features. For these imports, a hypothetical revenue effect is shown for 1997. However, this revenue effect is likely to be underestimated because it is impossible to distinguish parts for the machines for either the value thresholds and/or machine features described in the bill.

| <u>HTS subheading</u> | <u>Product</u> | <u>U.S. imports (\$1,000)</u> | <u>1997 U.S. tariff rate (percent ad valorem)</u> | <u>Estimated duties (\$1,000)</u> |
|-----------------------|--|-------------------------------|---|-----------------------------------|
| 8420.10.90.40 | Calendering machines | \$3,632.8 | 1.5 | \$54.5 |
| 8420.19.00.00 | Cylinders for calendering machines ¹ | Not available. | 1.5 | Not available. |
| 8420.99.90.00 | Other parts of calendering machines ¹ | Not available. | 1.5 | Not available. |
| 8462.31.00.80 | Shearing machines | 832.0 | 4.4 | 36.6 |
| 8463.30.00.80 | Machines for working wire of iron or steel | 6,248.8 | 4.4 | 274.9 |
| 8465.91.00.90 | Sawing machines | 0 | 3.0 | 0.0 |
| 8477.20.00.05-.15 | Extruders | 0 | 3.4 | 0.0 |
| 8477.51.00 | Machines for molding/retreading tires and sector mold presses | 1,670.7 | 3.4 | 56.8 |
| 8477.90.80 | Parts of extruders, machines for molding/retreading tires and sector mold presses ² | Not available. | 3.4 | <u>Not available.</u> |
| Total | | | | 422.8 |

¹ It is not possible to differentiate parts for the calendering machines described in the bill, under produced HTS 9902.84.79, from parts for other calendering machines.

² It is not possible to differentiate parts for extruders, machines for molding/retreading tires, and sector mold presses, described in the bill, under produced HTS 9902.84.79, from parts for other calendering machines.

previous years and the price effect of fluctuating exchange rates. Furthermore, these imports are not necessarily machines that match the function or description of those in the bill and may not be used for the specific purpose stated by bill supporters in the *Congressional Record*. U.S. exports of the machines in the proposed legislation totaled \$1.9 million in 1994, \$2.2 million in 1995 and zero in 1996. The limitations of these figures are similar to those of the import figures. Imports and exports of parts associated with the machines are not included in these estimates. Trade data analyzed were compiled from official statistics of the U.S. Department of Commerce.

The following table presents an estimate of the customs revenue loss for the duration covered in the bill.¹⁵ If the proposed legislation were to go into effect, the estimated revenue loss during 1997-2000 would be \$916,320. This estimation assumes imports of one machine per category per year and either 10 to 20 percent per year of the minimum machine value imported as parts.

| <u>Product</u> | <u>HTS subheading</u> | <u>Minimum product value</u> | <u>Estimated annual revenue loss</u> | | | |
|---|-----------------------|------------------------------|--------------------------------------|----------------|----------------|----------------|
| | | | <u>1997</u> | <u>1998</u> | <u>1999</u> | <u>2000</u> |
| ------(current dollars)----- | | | | | | |
| Calendering machine..... | 8420.10.90 | 2,200,000 | 33,000 | 15,400 | 0 | 0 |
| Cylinders (parts)of calendering machines..... | 8420.91.90 | ¹ 220,000 | 3,300 | 1,540 | 0 | 0 |
| Other parts of calendering machines..... | 8420.99.90 | ¹ 220,000 | 3,300 | 1,540 | 0 | 0 |
| Shearing machines..... | 8462.31.00 | 750,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| Machines for working wire of iron or steel..... | 8463.30.00 | 375,000 | 16,500 | 16,500 | 16,500 | 16,500 |
| Sawing machines..... | 8465.91.00 | 600,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| Extruders..... | 8477.20.00 | 2,000,000 | 68,000 | 66,000 | 62,000 | 62,000 |
| Machines for molding/ retreading tires..... | 8477.51.00 | 800,000 | 27,200 | 26,400 | 24,800 | 24,800 |
| Sector mold presses..... | 8477.51.00 | 1,000,000 | 34,000 | 33,000 | 31,000 | 31,000 |
| Parts of extruders, machines for molding/ retreading tires, and sector mold presses..... | 8477.90.80 | ² 760,000 | 25,840 | 25,080 | 23,560 | 23,560 |
| Total | | | 262,140 | 236,460 | 208,860 | 208,860 |

¹ Value of parts calculated at 10 percent of the value of a machine.

² Value of parts calculated at 20 percent of the value of a machine.

Technical comments:

Section 1(a) of the proposed legislation indicates that sector mold press machines are provided for in HTS subheading 8477.90.80. However, only parts of sector molding press machines are provided for in HTS subheading 8477.90.80. Commission staff, based on discussions with U.S. Customs Service National Import Specialists, believes that such machines are classified in HTS subheading 8477.51.00.¹⁶

Section 1(a) of the proposed legislation includes parts of machine tools for working wire, but only HTS subheading for machines, 8463.30.00, is referred to in the bill. Parts of machine tools for working wire are classified under HTS heading 8466.94. The Committee may wish to add this heading to the proposed bill.

¹⁵ Actual revenue loss may be understated in the event of a significant increase in imports over the duty suspension period.

¹⁶ Commission staff conversation with National Import Specialist Alan Horowitz, July 23, 1997.

Regardless of their value or application, all parts covered under the HTS subheadings for parts in the proposed legislation would qualify for a duty exemption. Many U.S. industries use the types of machines described in the proposed legislation. Many companies manufacture parts of these machines.¹⁷ The HTS subheadings for parts referred to in the bill are not limited to parts of tire making extruders or calendaring machines. For example, HTS subheading 8477.90.80, parts of extruders, covers parts of extruders, not only “those valued at not less than \$2.0 million” as the accompanying legislation specifies. According to a National Import Specialist, this language would be so broad as to make such a provision impossible to administer.¹⁸

Although the intention of the bill is to temporarily eliminate tariffs for machinery used to manufacture earthmoving tires, the bill stipulates that machinery to make other types of tires could be imported duty-free. For example, machine tools for working wire and tire building machines are for use in processing products provided for in 4011.20.10 (new pneumatic tires, of rubber, of a kind used on buses or trucks, either on-the-highway or off-the-highway). Sawing machines as described are for working cured, vulcanized rubber for use in HTS heading 4011 (new pneumatic tires, of rubber). The value thresholds assigned to each machine described in the bill narrows the equipment eligible for the duty exemption, but if a machine meets the value threshold, it would be difficult to determine its application.

Estimates of future imports and revenue effects are difficult to discern since it is not known at this time if other consumers of the equipment will import the machines and parts described in the proposed legislation.

For proposed HTS items 9902.84.85, 9902.84.87, and 9902.84.89, the bill limits parts only to those provided for in HTS 8477.90.80. This would exclude parts provided for in HTS 8477.90.20, base, bed, platen, clamp cylinder, ram, and injection castings, weldments and fabrications; HTS 8477.90.40, barrel screws; and HTS 8477.90.60, hydraulic assemblies incorporating more than one of the following: manifold; valves; pump; oil cooler. These other parts HTS subheadings had the tariff rate of 3.4 percent ad valorem in 1997 and a rate of 3.3 percent ad valorem in 1998.

The bill, as it currently stands, would need to be corrected since HTS subheading 8477.90.80 was superseded by HTS 8477.90.85 in mid-1997. Likewise, HTS subheadings for the types of parts noted above that were not included in the bill, were superseded by other HTS subheadings: HTS 8477.90.25, 8477.90.45, and 8477.90.65.

¹⁷ According to the *1992 Census of Manufactures*, there are 21 producers of parts for rubber working machinery. U.S. Department of Commerce, *1992 Census of Manufactures*, Industry Series MC92-I-35D, p. 21.

¹⁸ Commission staff conversation with National Import Specialist Alan Horowitz, July 23, 1997.

APPENDIX A

TARIFF AND TRADE AGREEMENT TERMS

In the **Harmonized Tariff Schedule of the United States** (HTS), chapters 1 through 97 cover all goods in trade and incorporate in the tariff nomenclature the internationally adopted Harmonized Commodity Description and Coding System through the 6-digit level of product description. Subordinate 8-digit product subdivisions, either enacted by Congress or proclaimed by the President, allow more narrowly applicable duty rates; 10-digit administrative statistical reporting numbers provide data of national interest. Chapters 98 and 99 contain special U.S. classifications and temporary rate provisions, respectively. The HTS replaced the **Tariff Schedules of the United States** (TSUS) effective January 1, 1989.

Duty rates in the **general** subcolumn of HTS column 1 are most-favored-nation (MFN) rates, many of which have been eliminated or are being reduced as concessions resulting from the Uruguay Round of Multilateral Trade Negotiations. Column 1-general duty rates apply to all countries except those enumerated in HTS general note 3(b) (Afghanistan, Cuba, Laos, North Korea, and Vietnam), which are subject to the statutory rates set forth in **column 2**. Specified goods from designated MFN-eligible countries may be eligible for reduced rates of duty or for duty-free entry under one or more preferential tariff programs. Such tariff treatment is set forth in the **special** subcolumn of HTS rate of duty column 1 or in the general notes. If eligibility for special tariff rates is not claimed or established, goods are dutiable at column 1-general rates. The HTS does not enumerate those countries as to which a total or partial embargo has been declared.

The **Generalized System of Preferences** (GSP) affords nonreciprocal tariff preferences to developing countries to aid their economic development and to diversify and expand their production and exports. The U.S. GSP, enacted in title V of the Trade Act of 1974 for 10 years and extended several times thereafter, applies to merchandise imported on or after January 1, 1976 and before the close of June 30, 1998. Indicated by the symbol "A", "A*", or "A+" in the special subcolumn, the GSP provides duty-free entry to eligible articles the product of and imported directly from designated beneficiary developing countries, as set forth in general note 4 to the HTS.

The **Caribbean Basin Economic Recovery Act** (CBERA) affords nonreciprocal tariff preferences to developing countries in the Caribbean Basin area to aid their economic development and to diversify and expand their production and exports. The CBERA, enacted in title II of Public Law 98-67, implemented by Presidential Proclamation 5133 of November 30, 1983, and amended by the Customs and Trade Act of 1990, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after January 1, 1984. Indicated by the symbol "E" or "E*" in the special subcolumn, the CBERA provides duty-free entry to eligible articles, and reduced-duty treatment to certain other articles, which are the product of and imported directly from designated countries, as set forth in general note 7 to the HTS.

Free rates of duty in the special subcolumn followed by the symbol "IL" are applicable to products of Israel under the **United States-Israel Free Trade Area Implementation Act** of 1985 (IFTA), as provided in general note 8 to the HTS.

Preferential nonreciprocal duty-free or reduced-duty treatment in the special subcolumn followed by the symbol "J" or "J*" in parentheses is afforded to eligible articles the product of designated beneficiary countries under the **Andean Trade Preference Act** (ATPA), enacted as title II of Public Law 102-182 and implemented by Presidential Proclamation 6455 of July 2, 1992 (effective July 22, 1992), as set forth in general note 11 to the HTS.

Preferential or free rates of duty in the special subcolumn followed by the symbol "CA" are applicable to eligible goods of Canada, and rates followed by the symbol "MX" are applicable to eligible goods of Mexico, under the **North American Free Trade Agreement**, as provided in general note 12 to the HTS and implemented effective January 1, 1994 by Presidential Proclamation 6641 of December 15, 1993. Goods must originate in the NAFTA region under rules set forth in general note 12(t) and meet other requirements of the note and applicable regulations.

Other special tariff treatment applies to particular **products of insular possessions** (general note 3(a)(iv)), **products of the West Bank and Gaza Strip** (general note 3(a)(v)), goods covered by the **Automotive Products Trade Act** (APTA) (general note 5) and the **Agreement on Trade in Civil Aircraft** (ATCA) (general note 6), **articles imported from freely associated states** (general note 10), **pharmaceutical products** (general note 13), and **intermediate chemicals for dyes** (general note 14).

The **General Agreement on Tariffs and Trade 1994** (GATT 1994), pursuant to the Agreement Establishing the World Trade Organization, is based upon the earlier GATT 1947 (61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786) as the primary multilateral system of disciplines and principles governing international trade. Signatories' obligations under both the 1994 and 1947 agreements focus upon most-favored-nation treatment, the maintenance of scheduled concession rates of duty, and national treatment for imported products; the GATT also provides the legal framework for customs valuation standards, "escape clause" (emergency) actions, antidumping and countervailing duties, dispute settlement, and other measures. The results of the Uruguay Round of multilateral tariff negotiations are set forth by way of separate schedules of concessions for each participating contracting party, with the U.S. schedule designated as Schedule XX.

Pursuant to the **Agreement on Textiles and Clothing** (ATC) of the GATT 1994, member countries are phasing out restrictions on imports under the prior "Arrangement Regarding International Trade in Textiles" (known as the **Multifiber Arrangement** (MFA)). Under the MFA, which was a departure from GATT 1947 provisions, importing and exporting countries negotiated bilateral agreements limiting textile and apparel shipments, and importing countries could take unilateral action in the absence or violation of an agreement. Quantitative limits had been established on imported textiles and apparel of cotton, other vegetable fibers, wool, man-made fibers or silk blends in an effort to prevent or limit market disruption in the importing countries. The ATC establishes notification and safeguard procedures, along with other rules concerning the customs treatment of textile and apparel shipments, and calls for the eventual complete integration of this sector into the GATT 1994 over a ten-year period, or by Jan. 1, 2005.

Rev. 8/12/97

APPENDIX B

**SELECTED PORTIONS OF THE
HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES**

(Appendix not included in the electronic version of this report.)

105TH CONGRESS
1ST SESSION

S. 915

To amend the Harmonized Tariff Schedule of the United States to suspend temporarily the duty on certain manufacturing equipment.

IN THE SENATE OF THE UNITED STATES

JUNE 17, 1997

Mr. THURMOND (for himself and Mr. HOLLINGS) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Harmonized Tariff Schedule of the United States to suspend temporarily the duty on certain manufacturing equipment.

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. SUSPENSION OF DUTY ON CERTAIN MANUFAC-**
4 **TURING EQUIPMENT.**

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 headings:

| | | | | | |
|------------|--|------|-----------|-----------|-------------------------|
| 9902.84.79 | Calendaring or other rolling machines for rubber, valued at not less than \$2,200,000 each, numerically controlled, or parts thereof (provided for in subheading 8420.10.90, 8420.91.90, or 8420.99.90) and material holding devices or similar attachments thereto | Free | No change | No change | On or before 12/31/2000 |
| 9902.84.81 | Shearing machines used to cut metallic tissue capable of a straight cut of 5 m or more, valued at not less than \$750,000 each, numerically controlled (provided for in subheading 8462.31.00) | Free | No change | No change | On or before 12/31/2000 |
| 9902.84.83 | Machine tools for working wire of iron or steel for use in products provided for in subheading 4011.20.10, valued at not less than \$375,000 each, numerically controlled, or parts thereof (provided for in subheading 8463.30.00) | Free | No change | No change | On or before 12/31/2000 |
| 9902.84.85 | Extruders of a type used for processing rubber, valued at not less than \$2,000,000 each, numerically controlled, or parts thereof (provided for in subheading 8477.20.00 or 8477.90.80) | Free | No change | No change | On or before 12/31/2000 |
| 9902.84.87 | Machinery for molding, re-treading, or otherwise forming uncured, unvulcanized rubber for use in processing products provided for in subheading 4011.20.10, valued at not less than \$800,000 each, capable of holding cylinders measuring 114 centimeters or more in diameter, numerically controlled, or parts thereof (provided for in subheading 8477.51.00 or 8477.90.80) | Free | No change | No change | On or before 12/31/2000 |
| 9902.84.89 | Sector mold press machines used for curing or vulcanizing rubber, valued at not less than \$1,000,000 each, weighing 135,000 kg or more, numerically controlled, or parts thereof (provided for in subheading 8477.90.80) | Free | No change | No change | On or before 12/31/2000 |
| 9902.84.91 | Sawing machines, valued at not less than \$600,000 each, weighing 18,000 kg or more, for working cured, vulcanized rubber described in heading 4011 (provided for in subheading 8465.91.00) | Free | No change | No change | On or before 12/31/2000 |

1 (b) EFFECTIVE DATE.—

2 (1) GENERAL RULE.—The amendment made by
3 subsection (a) applies with respect to goods entered,

1 or withdrawn from warehouse for consumption, on
2 the date that is 15 days after the date of enactment
3 of this Act.

4 (2) RETROACTIVE APPLICATION TO CERTAIN
5 ENTRIES.—Notwithstanding section 514 of the Tar-
6 iff Act of 1930 (19 U.S.C. 1514) or any other provi-
7 sion of law, upon proper request filed with the Cus-
8 toms Service before the 90th day after the date of
9 enactment of this Act, any entry, or withdrawal
10 from warehouse for consumption, of any goods de-
11 scribed in subheading 9902.84.79, 9902.84.81,
12 9902.84.83, 9902.84.85, 9902.84.87, 9902.84.89, or
13 9902.84.91 of the Harmonized Tariff Schedule of
14 the United States (as added by subsection (a)) that
15 was made—

16 (A) on or after May 1, 1997; and

17 (B) before the 15th day after the date of
18 enactment of this Act;

19 shall be liquidated or reliquidated as though such
20 entry or withdrawal occurred on the date that is 15
21 days after the date of enactment of this Act.

○