MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress

(Date approved: September 28, 2005)2

Bill No. and sponsor: H.R. 1925 (Mr. Hulshof).

Proponent name, location: Ford Motor Corp.
Dearborn, MI.

Other bills on product (109th Congress only): None.


Retroactive effect: None.

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

Static converters capable of converting 300 V direct current to 12 V direct current, designed for use in
hybrid motor vehicles of heading 8703 (provided for in subheading 8504.40.95).

Check one: __ Same as that in bill as introduced
_x Different from that in bill as introduced (see Technical Comments section)

Product information, including uses/applications and sources of imports:

The DC-to-DC converters covered by this legislation employ various solid-state components, including
step-down transformers, to convert high-voltage (over 300 volts) direct current (DC) derived from a high
voltage nickel-metal hydride battery source into low-voltage DC (12-14 volts). The low-voltage output of
these converters is used to power the low-voltage electrical components and systems (lights, radios,
power windows, etc.) of a hybrid motor vehicle. Imports of these electrical components will reportedly be
sourced by the proponent exclusively from Japan.

1 Industry analyst preparing report: John Cutchin (202-205-3396); Tariff Affairs contact: Jan Summers (202-205-2605).
2 Access to an electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm
Estimated effect on customs revenue:  

<table>
<thead>
<tr>
<th>HTS subheading: 8504.40.95</th>
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<tbody>
<tr>
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<tr>
<td>Col. 1-General rate of duty</td>
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<tr>
<td>Estimated value dutiable imports</td>
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<tr>
<td>Customs revenue loss</td>
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</tbody>
</table>

Source of estimated dutiable import data: Industry and Commission staff estimates.

Contacts with domestic firms/organizations (including the proponent):

<table>
<thead>
<tr>
<th>Name of firm/organization</th>
<th>Date contacted</th>
<th>US production of same or competitive product claimed?</th>
<th>Submission attached?</th>
<th>Opposition noted?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ford Motor Co. (Proponent)</td>
<td>8/03/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Steve Chorian, 313-845-5610</td>
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<td>Ramel Gilliland, 313-845-8019</td>
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<td>Anand Sankaran, 313-390-8689</td>
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<td>National Electrical Manufacturers Assoc.</td>
<td>8/02/2005</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>John Meakem, 703-841-3243</td>
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Technical comments:

As drafted, the bill uses the term “(rectifiers)” after “Static converters,” giving the impression that the static converters in question perform a rectifying function (the conversion of alternating current (AC) to pulsating direct current (DC)) within the electrical system of a hybrid motor vehicle. In fact, the principal function of these converters is to reduce high-voltage (300 volts) DC to low-voltage DC for use by the

3 Both Toyota and Nissan have announced plants to start manufacturing hybrid vehicles in the United States in 2006; Toyota will build up to 48,000 hybrid Camry vehicles in Georgetown, KY, by late 2006. Ford plans to add three hybrid models to its current hybrid line-up by 2008. The estimated import value and revenue loss provided in this report do not reflect any increase in imports that may result from this future production. However, the value of U.S. imports—and consequently the revenue loss—may increase if these manufacturers import components that are classified within this proposed heading for their U.S. hybrid vehicle production.

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.
accessory components (lights, radio, power windows, etc.) of such vehicles. It is thus recommended that this term be eliminated from the item description as it is not technically accurate. With respect to the descriptor “hybrid,” which is not defined in the bill or in a legal provision of the HTS, no additional criteria are suggested because no confusion about the nature of these vehicles has been noted during the preparation of this report.
IN THE HOUSE OF REPRESENTATIVES

APRIL 27, 2005

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

A BILL

To suspend temporarily the duty on converter asy.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. CONVERTER ASY.

(a) In General.—Subchapter II of chapter 99 of
the Harmonized Tariff Schedule of the United States is
amended by inserting in numerical sequence the following
new heading:

| 9902.85.01 | Static converters (rectifiers) capable of converting 300 V direct current to 12 V direct current, designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8504.40.95) | Free | No change | No change | On or before 12/31/2008 |
(b) EFFECTIVE DATE.—The amendment made by subsection (a) applies to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of enactment of this Act.