

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: June 9, 2006]²

Bill No. and sponsor: S. 2325 (Mr. John Kerry of Massachusetts).

Proponent name, location: Bose Corp., Framingham, MA.

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

Nature of bill: Temporary duty reduction through December 31, 2009.³

Retroactive effect: None.

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

Audio headphones achieving full-spectrum noise reduction by using electronics that equalize all audio signals, including those passing through an acoustically resistive opening and a port, in parallel, that connect walls separating an interior of the enclosure from an exterior of the enclosure outside the earcup (provided for in subheading 8518.30.20).

Check one: Same as that in bill as introduced (see Technical comments section).
 Different from that in bill as introduced (see Technical comments section).

Product information, including uses/applications and source(s) of imports:

A headphone is a pair of transducers worn on the head covering both ears that convert electrical signals from a media player or receiver into audible sound waves heard through speakers placed in close proximity to the ears. Ambient noise is reduced, but not eliminated, by cups fitted over the ears. The headphones covered by this bill contain microphones that measure the ambient sound level, electronics that process that information and generate a signal that offsets or cancels the ambient sound, and anti-noise speakers that “add” this sound to the ambient sound. This “added” sound combines with the existing ambient noise to reduce the overall noise level.

The subject products are imported principally from China.

¹ Industry analyst preparing report: John Kitzmiller (202-205-3387); 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.

³ The proposed legislation would reduce the duty from 4.9 % to 2.5 %.

Estimated effect on customs revenue:

HTS subheading: 8518.30.20					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	4.9%	4.9%	4.9%	4.9%	4.9%
Estimated value <i>dutiable</i> imports	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000	\$24,000,000
Customs revenue loss ^{1/}	\$576,000	\$576,000	\$576,000	\$576,000	\$576,000

Source of estimated dutiable import data: Commission and industry estimates.

^{1/} The revenue loss estimate is based on the proposed duty reduction from 4.9% to 2.5% specified in the bill.

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?
		(Yes/No)		
Bose Corp. (Proponent) Walter Raheb, 202-207-0897	04/27/2006	No	No	No
David Clark Co. John Farr, 508-751-5800	03/29/2006	No	No	No
Etymotic Research Patsy Coleman, 847-228-0006	03/28/2006	No	No	No
Koss Co. 800-218-5677	03/28/2006	No	No	No
Pro Tech Communications Lisa Locaperra, 772-464-5100	03/29/2006	No	No	No
Sonetics Corp. Winston Hanson, 503-6848-8229	04/25/2006	Yes	Yes	No

Technical comments:⁴

We note that it would probably be necessary to disassemble a set of the subject headphones in order to ascertain if the goods comply with the specified criteria, and that “full spectrum” is very wide range (from 20 Hz to 20,000 Hz, potentially)—which these goods might not cover. We further note that the proposed heading would likely not be limited to the proponent’s goods, but we cannot provide estimated data on import levels of such other shipments. The proposed description may be interpreted as covering a large

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.

portion of imports under subheading 8518.30.20 and its criteria are broad and imprecise, potentially causing administrative burdens. Based upon information available, we cannot suggest improvements in the proposed description, given that we lack input from Customs and technical input from Bose.

Sonetics CORPORATION

May 5, 2006

Mr. John Kitzmiller
International Trade Analyst
U.S. INTERNATIONAL TRADE COMMISSION
500 E Street SW
Washington, DC 20436

SUBJECT: Senate Bill Nos. S.2324 and S.2325

Dear Mr. Kitzmiller,

Sonetics Corporation, along with its divisions Flightcom Corporation and Firecom, wish to take this opportunity to state that we support the subject bills pending review by the Senate Finance Committee. Our company and its products include audio headphones for the general/military aviation industry and the fire/rescue industry. But we also wish to state that the scope of each bill should not be limited to any particular technology nor market segment nor design of headphones. Since we also manufacture passive and active noise reduction/cancellation headsets and intercom systems, we appreciate that all parties should be entitled to a fair duty tariff for imported products that are complimentary and similar for their intend use.

Our recommendation is to amend each bill to permit all headphones under the current HTSUS code number 8518.30.20 to qualify for the reduced duty tariff.

Thank you in advance for your consideration in this matter.

Sincerely,



Winston R. Hanson
Strategic Sourcing Manager
SONETICS CORPORATION
7340 SW Durham Road
Portland, Oregon

USA 97224
Tel: 503-684-7080
Fax: 503-620-2943
Email: winston@flightcom.net

Cc: Senate Finance Committee

109TH CONGRESS
2^D SESSION

S. 2325

To reduce temporarily the duty on certain audio headphones achieving full-spectrum noise reduction.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 17, 2006

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

A BILL

To reduce temporarily the duty on certain audio headphones
achieving full-spectrum noise reduction.

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 AUDIO HEADPHONES ACHIEVING**
4 **FULL-SPECTRUM NOISE REDUCTION.**

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:

“	9902.85.18	Audio headphones achieving full-spectrum noise reduction by using electronics that equalize all audio signals, including those passing through an acoustically resistive opening and a port, in parallel, that connect walls separating an interior of the enclosure from an exterior of the enclosure outside the earcup (provided for in subheading 8518.30.20) ..	2.5%	No change	No change	On or before 12/31/2009	”.
---	------------	--	------	-----------	-----------	-------------------------	----

1 (b) **EFFECTIVE DATE.**—The amendment made by
2 subsection (a) applies with respect to goods entered, or
3 withdrawn from warehouse for consumption, on or after
4 the 15th day after the date of the enactment of this Act.

○