

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: October 11, 2006]²

Bill No. and sponsor: S. 3254 (Mr. Lamar Alexander of Tennessee and Mr. Bill Frist of Tennessee).

Proponent name, location: Panasonic Electronic Devices Corporation of America, Knoxville, TN.

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

Nature of bill: Temporary duty suspension through December 31, 2009.

Retroactive effect: None.

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

Parts (provided for in subheading 8518.90.80) certified by the importer as for use exclusively in the manufacture of loudspeakers which (when not mounted in their enclosures) meet a performance standard of not more than 1.5 dB for the average level of 3 or more octave bands when tested in a reverberant chamber.

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

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

The subject loudspeaker parts consist primarily of back plates, front plates, baskets, cones, spiders, and coil wire. Once assembled with parts of general use not covered by HTS subheading 8518.90.80 (fabric, fasteners, or other inputs), these parts form a high performance loudspeaker. These products are imported from China, Japan, Indonesia, Taiwan, Malaysia, and Thailand.

Estimated effect on customs revenue:

HTS subheading: 8518.90.80					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty					
Col. 1-General rate of duty	4.9%	4.9%	4.9%	4.9%	4.9%
Estimated value <i>dutiable</i> imports	\$5,022,138	\$4,358,000	\$4,779,000	\$4,344,000	\$4,344,000
Customs revenue loss	\$246,085	\$213,542	\$234,171	\$212,856	\$212,856

Source of estimated dutiable import data: Industry estimates.

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.

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

Name of firm/organization <u>1/</u>	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
Panasonic Electronic Devices Corporation of America (Proponent) Mary Alexander, 202-912-3800	05/16/2006	No	No	No
Bose Walter Raheb, 202-207-0897	08/01/2006	No	No	No
Carver 503-286-3900	08/03/2006	No	No No	No No
Eminence Speakers LLC. Rob Gault, 502-845-5622	08/03/2006	No	No	No
JBL 516-496-3400	08/03/2006	No	No	No
Paradigm 905-632-0180	08/03/2006	No	No	No
Polk Audio 410-358-3600	08/03/2006	No	No	No
Sony Co. Christina Tellalian, 202-429-3653	07/26/2006	No	No	No

1/ No specific contact is available at some of the subject firms, which were identified using the Internet or in directories as firms that might have an interest in the bill.

Technical comments:³

It would be difficult for Customs officials to distinguish between parts intended for loudspeakers meeting the above specifications and parts intended for other loudspeakers. One way to overcome this problem, without resorting to an “actual use” requirement with post-entry Customs verification, would be to add a criterion for certification by the importer that the parts are intended at the time of entry as being for use in loudspeakers meeting the above specifications.

³ 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.

109TH CONGRESS
2D SESSION

S. 3254

To suspend temporarily the duty on parts for use in the manufacture of certain high-performance loudspeakers.

IN THE SENATE OF THE UNITED STATES

MAY 26, 2006

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

A BILL

To suspend temporarily the duty on parts for use in the manufacture of certain high-performance loudspeakers.

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. PARTS FOR USE IN THE MANUFACTURE OF**
4 **CERTAIN HIGH-PERFORMANCE LOUD-**
5 **SPEAKERS.**

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:

“	9902.85.18	Parts for use in the manufacture of loudspeakers that, when not mounted in their enclosures, meet a performance standard of not more than 1.5 dB for the average level of 3 or more octave bands, when such loudspeakers are tested in a reverberant chamber (provided for in sub-heading 8518.90.80)	Free	No change	No change	On or before 12/31/2009	”.
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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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