

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress¹**

[Date approved: July 1, 2008]²

Bill No. and sponsor: H.R. 5300 (Mr. Ray LaHood of Illinois).

Proponent name,³ location: Caterpillar, Inc., Peoria, IL.

Other bills on product (110th Congress only): None.

Nature of bill: Extension of temporary duty suspension through December 31, 2011.

Retroactive effect: None.

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

Used fuel, lubricating or cooling medium pumps for internal combustion piston engines (provided for in subheading 8413.30.10 or 8413.30.90).

Used compression-ignition internal combustion piston engines to be installed in vehicles of subheading 8701.20 or heading 8704 (provided for in subheading 8408.20.20).

Used gear boxes for the vehicles of subheading 8701.20 or heading 8704 (provided for in subheading 8708.40.11).

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:

Used motor vehicle components are not manufactured in the traditional sense, but are imported for the purpose of remanufacturing them. During the remanufacturing process, used parts (known as “cores”) are disassembled. The component parts are then cleaned, repaired, or replaced prior to reassembly to sound working condition. Pumps circulate fuel and lubricating or cooling fluids and gases through a vehicle engine by increasing or decreasing pressure. Compression-ignition internal combustion piston engines (diesel engines) provide power by compressing air within the pistons at high pressure to ignite the incoming fuel, rather than using a carburetor and ignition system (i.e., spark plugs) to ignite the fuel in spark-ignition internal combustion engines. The subject engines are for use in road tractors for semi-trailers and motor vehicles for the transport of goods (trucks). Gear boxes (commonly referred to as transmissions) multiply engine torque through the use of shafts and gears; the subject components are for use in road tractors for semi-trailers and motor vehicles for the transport of goods (trucks).

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 sponsor/proponent did not identify any additional beneficiaries of this bill.

Because these imported parts are used goods rather than new ones, the country of origin of original manufacture is often difficult to determine. Moreover, current HTS classifications do not distinguish between new and used vehicle components. However, leading sources of U.S. imports of new and used parts for each category are: Germany and Japan (pumps); Germany and Italy (engines); and France, Japan, and Germany (gear boxes).

Estimated effect on customs revenue:

Total Estimated Revenue Loss for this Bill					
	2009	2010	2011	2012	2013
Customs revenue loss	\$0	\$712,500	\$712,500	\$712,500	\$712,500

HTS subheading: 8413.30.10					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000	\$6,500,000
Customs revenue loss <u>1/</u>	\$0	\$162,500	\$162,500	\$162,500	\$162,500

1/ There is an existing duty suspension under HTS heading 9902.25.30 that expires on December 31, 2009. Therefore, there will be no customs revenue loss related to this bill for 2009.

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

HTS subheading: 8413.30.90					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000
Customs revenue loss <u>1/</u>	\$0	\$237,500	\$237,500	\$237,500	\$237,500

1/ There is an existing duty suspension under HTS heading 9902.25.30 that expires on December 31, 2009. Therefore, there will be no customs revenue loss related to this bill for 2009.

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

HTS subheading: <u>8408.20.20</u>					
 	2009	2010	2011	2012	2013
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Customs revenue loss <u>1/</u>	\$0	\$250,000	\$250,000	\$250,000	\$250,000

1/ There is an existing duty suspension under HTS heading 9902.25.31 that expires on December 31, 2009. Therefore, there will be no customs revenue loss related to this bill for 2009.

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

HTS subheading: <u>8708.40.11</u>					
 	2005	2006	2007	2008	2009
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Customs revenue loss <u>1/</u>	\$0	\$62,500	\$62,500	\$62,500	\$62,500

1/ There is an existing duty suspension under HTS heading 9902.25.32 that expires on December 31, 2009. Therefore, there will be no customs revenue loss related to this bill for 2009.

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

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

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
		(Yes/No)		
Caterpillar, Inc. (Proponent) Richard M. Belanger, (202) 736-8335	04/30/2008	No	No	No
Automotive Parts Remanufacturers Association William C. Gager, (703) 968-2772, ext. 103	04/28/2008	No	No	No

Technical comments:⁴

None.

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.

110TH CONGRESS
2^D SESSION

H. R. 5300

To extend the temporary suspension of duty on certain cores used in remanufacture.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2008

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

A BILL

To extend the temporary suspension of duty on certain cores used in remanufacture.

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 CORES USED IN REMANUFACTURE.**

4 (a) IN GENERAL.—Headings 9902.25.30,
5 9902.25.31, and 9902.25.32 of the Harmonized Tariff
6 Schedule of the United States are each amended by strik-
7 ing the date in the effective period column and inserting
8 “12/31/2011”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) applies to goods entered, or withdrawn from

- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of the enactment of this Act.

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