

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 111<sup>th</sup> Congress<sup>1</sup>**

[Date approved: March 5, 2010]<sup>2</sup>

**Bill No. and sponsor:** S. 2098 (Mr. Jeff Bingaman of New Mexico).

**Proponent name,<sup>3</sup> location:** Louisiana Energy Services, Inc., Eunice, NM.

**Other bills on product (111<sup>th</sup> Congress only):** None.

**Nature of bill:** Temporary duty reduction through December 31, 2011.

**Retroactive effect:** None.

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

Isotopic separation cascades designed for the enrichment of uranium using gaseous centrifuge technology (provided for in subheading 8401.20.00).

**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:**

An isotopic separation cascade designed for the enrichment of uranium using gaseous centrifuge technology is a collection of individual gas centrifuges linked together by piping to form a functional unit. A gas centrifuge consists of a tube about 3 meters high with a rotor inside that is driven by an electric motor at the base. The gas centrifuge takes in uranium hexafluoride (UF<sub>6</sub>) gas and, using centrifugal force, separates out the heavier uranium-238 contained in the UF<sub>6</sub> and pushes the uranium-238 to the walls of the tube. This heavier uranium-238 becomes depleted uranium-235, while the lighter enriched uranium-235 falls to the bottom of the centrifuge where it exits and is transferred to the next centrifuge. The depleted uranium-235 then moves to the top of the centrifuge and exits. Because an individual centrifuge cannot enrich uranium-235 to a sufficient level, the (partially) enriched uranium-235 is transferred to successive centrifuge operations to attain the desired level of concentration; the joined arrangement of these centrifuges is known as a cascade. A functional cascade unit may consist of several hundred centrifuges and includes cascade valve frames, pipe work modules, and connecting pipes. Currently, these cascades are not imported; however, the proponent intends to begin importation in 2010. The cascades will be assembled from imported parts in a foreign trade zone in New Mexico and then imported formally for customs purposes into the adjacent uranium enrichment plant. The parts and components of the cascades will be imported from the Netherlands and Germany.

<sup>1</sup> Industry analyst preparing report: Dennis Fravel (202-205-3404); Tariff Affairs contact: Jan Summers (202-205-2605).

<sup>2</sup> Access to an electronic copy of this memorandum is available at [http://www.usitc.gov/tariff\\_affairs/congress\\_reports/](http://www.usitc.gov/tariff_affairs/congress_reports/).

<sup>3</sup> The sponsor/proponent did not identify any additional beneficiaries of this bill.

**Estimated effect on customs revenue for the subject product classifiable in HTS subheading 8401.20.00:**

|   | 2010          | 2011          | 2012          | 2013          | 2014          |
|---|---------------|---------------|---------------|---------------|---------------|
| Col. 1-General rate of duty                   | 2.6%          | 2.6%          | 2.6%          | 2.6%          | 2.6%          |
| Estimated value <sup>a</sup> dutiable imports | \$125,000,000 | \$125,000,000 | \$125,000,000 | \$125,000,000 | \$125,000,000 |
| Customs revenue loss <sup>b c</sup>           | \$500,000     | \$500,000     | \$500,000     | \$500,000     | \$500,000     |

a/ Dutiable import estimates were based on official on industry information and Commission estimates.

b/ At the request of Congress, customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ.

c/ The estimated customs revenue loss is based on a temporary reduction of the general rate of duty from 2.6 percent ad valorem to 2.2 percent ad valorem, a reduction of 0.4 percentage points.

**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)                                     |                      |                   |
| Louisiana Energy Services, Inc. (Proponent)<br>Clint Williamson, 703-682-5207 | 11/25/2009     | No   | No                   | No                |
| Areva NC Inc.<br>James Yu, 301-841-1652                                       | 11/25/2009     | No   | No                   | No                |
| USEC, Inc.<br>Vijay Sazawal, 301-564-3200                                     | 11/25/2009     | No   | No                   | No                |

**Technical comments:<sup>4</sup>**

There is no HTS definition of a “cascade” and, thus, the administration of this provision may be difficult for Customs and Border Protection. According to information from the proponent, a cascade can contain a significant amount of connecting piping, valves, and other parts, some of which are covered by other tariff provisions when separately imported.

<sup>4</sup> 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.

111TH CONGRESS  
1ST SESSION

# S. 2098

To reduce temporarily the duty on certain isotopic separation machinery and apparatus.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 2009

Mr. BINGAMAN introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To reduce temporarily the duty on certain isotopic separation machinery and apparatus.

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 ISOTOPIC MACHINERY AND APPA-**  
4 **RATUS.**

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:

|   |            |   |      |           |           |                         |    |
|---|------------|---|------|-----------|-----------|-------------------------|----|
| “ | 9902.84.05 | Isotopic separation cascades designed for the enrichment of uranium using gaseous centrifuge technology (provided for in subheading 8401.20.00) | 2.2% | No change | No change | On or before 12/31/2011 | ”. |
|---|------------|---|------|-----------|-----------|-------------------------|----|

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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