

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. 2102 (Mr. Carl Levin of Michigan).

**Proponent name,<sup>3</sup> location:** General Motors Company, Detroit, MI.

**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)):**

Electric motor controllers (provided for in subheading 9032.89.60), certified by the importer to control the electric motors that power electric vehicles of subheading 8703.90.00 in which an on board gasoline engine is used to run a generator that recharges the electric drive motor battery.

**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:**

This product is a traction power inverter module (TPIM) designed for use in an extended-range electric vehicle. The TPIM inverts high voltage direct current to high voltage alternating current to drive the traction motors in the drive unit and performs the opposite function during regenerative braking. It contains processors that control all of the vehicle's electric motors. The TPIM is square in shape, measures 360 by 210 by 120 mm, and weighs 15 kg. It will be imported from Japan.

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<sup>1</sup> Industry analyst preparing report: Linda White (202-205-3427); 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 proponent identified one additional beneficiary of this bill. USITC staff sent an inquiry to the additional beneficiary and received a response from the beneficiary. It submitted a written representation that it would benefit from this bill.

**Estimated effect on customs revenue for the subject product classifiable in HTS subheading 9032.89.60:**

The estimated value of dutiable imports was determined by using the aggregate value of January-September 2009 imports under HTS subheading 9032.89.60 that were reported as products of Japan. Therefore, this estimated value of dutiable imports likely overstates the actual imports of the subject product for the period 2010-2014. Although the proponent has provided to the Commission an estimated value of dutiable imports for the subject product, the information has been withheld because of its business confidential nature. However, based on the proponent's confidential data, the estimated customs revenue loss is not expected to exceed \$500,000 annually for the period 2010-2011, but would exceed \$500,000 annually during the period 2012 through 2014 (see technical comments section). Because the subject product was specially designed for use in a specific electric-powered vehicle, it is unclear whether other entities would import the subject product under the proposed provision.

	2010	2011	2012	2013	2014
<del>Col. 1-General rate of duty</del>					
Col. 1-General rate of duty	1.7%	1.7%	1.7%	1.7%	1.7%
Estimated value <i>dutiable</i> imports <sup>a</sup>	\$217,218,720	\$217,218,720	\$217,218,720	\$217,218,720	\$217,218,720
Customs revenue loss <sup>b c</sup>	\$1,933,247	\$1,933,247	\$1,933,247	\$1,933,247	\$1,933,247

a/ Dutiable import estimates were based on official U.S. Government statistics.

b/ The estimated customs revenue loss is based on a temporary reduction of the general rate of duty from 1.7 percent ad valorem to 0.81 percent ad valorem, a reduction of 0.89 percentage points. Please see the comment on temporary duty rate under the technical comments section.

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

**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)	
General Motors (Proponent) Tori Barnes, 202-775-5030	11/17/2009	No	No	No
Chrysler Group LLC Kathleen Hennessey, 202-414-6707	11/25/2009	No	No	No
Comsonics, Inc. K. Couch, 540-434-5965	11/20/2009	No	No	No
Energy Technologies, Inc. M. L. Mosier, 419-522-4444	11/20/2009	No	No	No
Ford Motor Company J. T. Young, jyoung134@ford.com	11/23/2009	No	No	No

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
Honda of North America, Inc. Toni Harrington, toni_harrington@hna.honda.com	11/23/2009	No	No	No
Motor & Equipment Manufacturers Association Catherine Boland, cboland@MEMA.org	11/27/2009	No	No	No
National Electrical Manufacturers Association Gene Eckhart, 703-841-3200	11/19/2009	No	No	No
Nissan U.S.A. Yuko Hanada, yuko.hanada@Nissan-USA.com	11/24/2009	No	No	No
TechAmerica (formerly AeA) John Palafoutas, 202-682-4451	11/19/2009	No	No	No
Toyota Motor Sales U.S.A., Inc. Yuri Unno, Yuri_Unno@TMA.Toyota.com	11/23/2009	No	No	No
Zahn Electronics Inc. 262-835-9200	11/20/2009	No	No	No

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

It is suggested that the article description of the proposed heading be worded as shown on page 1. There are two points to raise about the HTS provision that might apply to the end-use electric vehicles. First, the proponent identifies HS subheading 8703.90 as the subheading where any U.S. imports of the type of vehicle it manufactures (and for which the subject products are destined) would be classified. It is unclear whether this classification is correct. We note that it is the responsibility of the U.S. Customs and Border Protection (CBP) to classify imported goods. Until CBP issues a ruling on the classification of imported vehicles of the type produced by the proponent, any proposed classification is speculative. If CBP issues a ruling classifying imported vehicles of the type produced by the proponent in a subheading other than HS 8703.90, such a ruling could likely cause the proposed heading to be ineffective, but at the present time we cannot offer an alternative classification. Second, because duty suspensions are normally specified as covering the 8-digit tariff subheading number for affected goods, we would suggest including the exact 8-digit number shown in our HTS, and we have included it on page 1.

Last, the Commission suggests that, if the appropriate reduced duty rate specified in the proposed legislation is the one set forth in the bill, it should appear as “0.81%” for clarification. Applying that duty rate could result in a customs revenue loss in excess of \$500,000. However, the proponent indicated that the proposed reduction should appear as “1.01 percent”,<sup>5</sup> which would represent a duty reduction of 0.69 percentage points. Based on the proponent’s estimated value of dutiable imports for the subject product and applying a duty reduction of 1.01 percent ad valorem, the Commission can confirm that the estimated customs revenue loss is not expected to exceed \$500,000 annually for the period 2010-11. If

<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.

<sup>5</sup> Industry analyst’s telephone conversation with the proponent December 2, 2009.

the effective period of this provision were to include 2012 or later years, it would be necessary to provide for the modification of this reduced duty rate starting in 2012 in order to avoid exceeding the \$500,000 annual figure.

111TH CONGRESS  
1ST SESSION

# S. 2102

To reduce temporarily the duty on certain electric motor controllers.

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IN THE SENATE OF THE UNITED STATES

OCTOBER 29, 2009

Mr. LEVIN 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 electric motor  
controllers.

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 ELECTRIC MOTOR CONTROLLERS.**

4 (a) IN GENERAL.—Subchapter II of chapter 99 of  
5 the Harmonized Tariff Schedule of the United States is  
6 amended by inserting in numerical sequence the following  
7 new heading:

“	9902.01.00	Electric motor controllers (provided for in subheading 9032.89.60), certified by the importer to control the electric motors that power electric vehicles of subheading 8703.90 in which an on board gasoline engine is used to run a generator that recharges the electric drive motor battery .....	.81%	No change	No change	On or before 12/31/2011	”.
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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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