

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: July 20, 2010]<sup>2</sup>

**Bill No. and sponsor:** S. 2103 (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 suspension through December 31, 2011.

**Retroactive effect:** None.

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

Static converters capable of converting up to 440 V DC to not less than 12 V DC (provided for in subheading 8504.40.95), certified by the importer for use in electrically powered vehicles of subheading 8703.90.00 in which an onboard 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:**

These static converters are designed for use with electric vehicles. The component automatically controls and converts high voltage direct current (350V) to low voltage direct current (12V) for use by the low voltage vehicle and powertrain electrical systems. The proponent intends to use the product in the General Motors Chevrolet Volt extended-range electric vehicle. The product is square in shape, measures 375 by 165 by 60 mm, and weighs 6 kg. It is contained in a plastic housing. The primary source of imports is Japan.

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<sup>1</sup> Industry analyst preparing report: Andrew David (202-205-3368); 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. In addition, ITC staff identified one additional beneficiary of this bill that was not identified by the sponsor/proponent, and that beneficiary submitted a written representation that it would benefit from this bill.

**Estimated effect on customs revenue for the subject product classifiable in HTS subheading 8504.40.95:**

The estimated value of dutiable imports was determined by using the aggregate value of January to September 2009 imports under HTS subheading 8504.40.95 that were reported as originating in Japan. Therefore, this estimated value of dutiable imports may not fully reflect 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. Based on the proponent's confidential data, the Commission can confirm that the estimated customs revenue loss is not expected to exceed \$500,000 annually for the period 2010-2014. Because the subject product was specially designed for use in a specific electric-powered vehicle, it is unclear whether other entities would import under the provision.

	2010	2011	2012	2013	2014
<del>Col. 1-General rate of duty</del>	1.5%	1.5%	1.5%	1.5%	1.5%
Estimated value <i>dutiable</i> imports <sup>a</sup>	\$23,531,956	\$23,531,956	\$23,531,956	\$23,531,956	\$23,531,956
Customs revenue loss <sup>b</sup>	\$352,979	\$352,979	\$352,979	\$352,979	\$352,979

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

b/ 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 Company (Proponent) Tori Barnes, 202-775-5030	11/17/2009	No	No	No
AC Propulsion, Inc. Paul F. Carosa, 909-592-5399	11/25/2009	No	No	No
AeroVironment, Inc. Charlie Botsford, 626-357-9983	12/04/2009	Yes <sup>4</sup>	No	No
Better Place Sven Tiessen, 650-845-2800	11/25/2009	No	No	No
Chrysler Group LLC Kathleen Hennessey, 202-414-6707	11/25/2009	No	No	No
Coulomb Technologies, Inc. Lynette Mandal, 408-370-3802	11/25/2009	No	No	No

<sup>4</sup> The company indicated to Commission staff in a telephone conversation that domestic production exists, but it did not file a submission to document that production.

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Eltek Valere Bob Wood, 469-330-9100	11/25/2009	No	No	No
eTec-Electric Transportation Engineering Corp. Garrett Beauregard, 602-716-9576	11/30/2009	No	Yes	Yes
Ford Motor Corporation J. T. Young, jyoung134@ford.com	11/23/2009	No	No	No
Honda of North America, Inc. Toni Harrington, toni_harrington@hna.honda.com	11/23/2009	No	No	No
Lester Electrical Spencer Stock, 402-477-8988	12/04/2009	No	No	No
Motor & Equipment Manufacturers Association Catherine Boland, cboland@mema.org	11/27/2009	No	No	No
National Electrical Manufacturers Association Craig Updyke, 703-841-3294	11/25/2009	No	No	No
Nissan U.S.A. Yuko Hanada, yuko.hanada@Nissan-Usa.com	11/24/2009	No	No	No
TDK Corporation Jeffrey Williams, 516-535-2882	12/04/2009	No	No	No
Toyota Motor Sales U.S.A., Inc. David Vennett, dvennett@tma.toyota.com	11/23/2009	No	No	No

**Technical comments:<sup>5</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, and U.S. Customs and Border Protection (CBP) must 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 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, we note that because this is a new product and there are few known characteristics to include in a description of it, CBP may have trouble distinguishing this type of static converter from similar goods, even with the importer certification.

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<sup>5</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.

From: Garrett P. Beauregard [gbeauregard@etecevs.com]  
Sent: Monday, November 30, 2009 1:08 PM  
To: David, Andrew  
Subject: RE: ITC review S. 2103 and S. 2104

Follow Up Flag: Follow up  
Flag Status: Red

Andy,

Thanks for this info. As you can appreciate, the HTS is difficult to navigate and often makes it difficult to know the proper classification for any given hardware being imported into the US.

It looks to me as if Senator Levin is proposing to ADD two new HTS numbers to address a very specific product that are generally covered by the existing HTS number 8504.40.95. Can you confirm that or point me toward someone who can?

If this is the case, then I would say that we are AGAINST this proposal, that we DO NOT SUPPORT it.

We would support suspending the tariff for all components classified under the existing 8504.40.95 (and subsequent sub headings) so that all manufacturers can benefit.

Regards,

-Garrett Beauregard-  
Vice President of Engineering  
eTec-Electric Transportation Engineering Corp.  
Phoenix, AZ  
602-716-9576 Ext. 21

111TH CONGRESS  
1ST SESSION

# S. 2103

To suspend temporarily the duty on certain static converters.

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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 suspend temporarily the duty on certain static converters.

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 STATIC CONVERTERS.**

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	Static converters capable of converting up to 440 volts direct current to no less than 12 volts direct current (provided for in subheading 8504.40.95) certified by the importer for use in electrically powered 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 .....	Free	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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