

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 111th Congress¹**

[Date approved: August 3, 2010]²

Bill No. and sponsor: S. 2649 (Mr. James Bunning of Kentucky).

Proponent name,³ location: Hitachi Automotive Products (USA), Inc., Harrodsburg, KY.

Other bills on product (111th 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)):

Power electronics box and static converter composite units (provided for in subheading 8504.40.95), each capable of performing the functions of an AC inverter and an auxiliary power module, capable of reducing DC voltage from 42 V (supplied by battery) to 12 V output and providing three-phase AC output to motor generator unit, the foregoing certified by the importer for use in hybrid electric motor vehicles.

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 power electronics box and static converter composite units combine an auxiliary power module and AC inverter functions. The auxiliary power module reduces the direct current (DC) voltage from a 42 volt hybrid battery output to 12 volt output, while the inverter uses a hybrid battery voltage as an input and provides a three-phase alternate current (AC) output to the motor generator unit. This product is a component of a hybrid electric system for motor vehicles. The power electronics box and static converter composite units of interest to the proponent will be imported from Japan.

¹ Industry analyst preparing report: Linda White (202-205-3427); Tariff Affairs contact: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.

³ 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 8504.40.95:

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|--------------|-------------|-------------|-------------|-------------|
| Col. 1-General rate of duty | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| Estimated value <i>dutiable</i> imports ^a | \$10,000,000 | \$6,000,000 | \$5,200,000 | \$5,200,000 | \$5,200,000 |
| Customs revenue loss ^b | \$150,000 | \$90,000 | \$78,000 | \$78,000 | \$78,000 |

a/ Dutiable import estimates were based on industry information.

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) | | |
| Hitachi Automotive Parts (USA), Inc. (Proponent) Doug Bowling, 859-734-8087 | 02/08/2010 | No | No | No |
| American Honda Motor Company, Inc. Toni Harrington, toni_harrington@hna.honda.com | 01/21/2010 | No | No | No |
| Chrysler Group LLC Kathleen Hennessey, kmh17@chrysler.com | 01/21/2010 | No | No | No |
| Delphi Automotive LLP Dina Vizzaccaro, dina.vizzaccaro@delphi.com | 01/21/2010 | No | No | No |
| Denso International America, Inc. Bill Steffan, bill_steffan@denso-diam.com | 01/21/2010 | No | No | No |
| Ford Motor Company J. T. Young, jyoun134@ford.com | 01/21/2010 | No | No | No |
| General Motors Company Tori Barnes, victoria.barnes@gm.com | 01/21/2010 | No | No | No |
| Motor & Equipment Manufacturers Association Catherine Boland, cboland@MEMA.org | 01/21/2010 | No | No | No |
| Nissan North America Yuko Hanada, yuko.hanada@Nissan-Usa.com | 01/21/2010 | No | No | No |
| Robert Bosch LLC Norman Johnson, norman.johnson@us.bosch.com | 01/21/2010 | No | No | No |
| Toyota Motor Sales, USA, Inc. David Vennett, dvennett@tma.toyota.com | 01/21/2010 | No | No | No |
| Visteon Corp. Lydia Brennan, lbrennan@visteon.com | 01/21/2010 | No | No | No |

Technical comments:⁴

It is suggested that the article description of the proposed heading be amended to read as shown on page 1. The appropriate HS subheading reference was moved from the end of the description to appear immediately following the subject article (power electronics box and static converter composite units) to clarify that the HS subheading applies to these units and not to the end-use product (hybrid electric motor vehicles).

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.

111TH CONGRESS
1ST SESSION

S. 2649

To suspend temporarily the duty on power electronics boxes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 2, 2009

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

A BILL

To suspend temporarily the duty on power electronics boxes.

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. POWER ELECTRONICS BOXES.**

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 | Power electronics box and static converter composite units, combining the functions of an AC inverter and an auxiliary power module, capable of reducing DC voltage from 42 V (supplied by battery) to 12 V output and providing three-phase AC output to motor generator unit, the foregoing certified by the importer for use in hybrid electric motor vehicles (provided for in subheading 8504.40.95) | Free | 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.

