



MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

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

Rack-based power distribution units (PDUs) (provided for in subheading 8537.10.90)

(If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.)

Description above compared with bill as introduced:

- Same
- Different (see Technical Comments section)

III. Other product information, including uses/applications and source(s) of imports

The subject product is a device fitted with multiple outputs designed to distribute electric power, especially to racks of computers and networking equipment located within a data center. In addition, they usually have built-in surge protection. If they are "smart" or manageable units, they may be metered or equipped with a display to show the current load being drawn, in total or on each phase of a three-phase unit; such units may also have switches to allow one or more receptacles to be turned off individually. The principal source of dutiable U.S. imports are China, Japan, and Germany.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	8537.10.90				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	2.7	2.7	2.7	2.7	2.7
Estimated value of <i>dutiable</i> imports (\$)	150,000,000	150,000,000	150,000,000	150,000,000	150,000,000
Customs revenue loss (\$)	4,050,000	4,050,000	4,050,000	4,050,000	4,050,000

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce
- Provided by industry sources
- Industry information
- Commission estimates

Duty reduction notes:

- This bill is not a duty reduction
- This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%) Temporary rate (%) Percentage point reduction (%)

V. Technical comments

The article description and HTS classification set forth above were modified to more accurately reflect the product intended to be covered. The bill placed the subject product in HTS heading 8536 but heading 8537 is more appropriate. This change is partly due to the fact that the product appears to have built-in surge protection and technological capabilities that are more advanced than those of a simple plug. In addition, previous U.S. Customs rulings have classified similar PDUs in heading 8537.

VI. Continuation

--

VII. Contacts with domestic firms/organizations

	# Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
1	IBM Corp. (Interested entity) John Adamo	720-395-1427	No	No	No
2	National Electrical Manufacturers Association (NEMA) Craig Updyke Kyle Pitsor	703-841-3274	No	No	No

112TH CONGRESS
2D SESSION

H. R. 5419

To suspend temporarily the duty on power distributors.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2012

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

A BILL

To suspend temporarily the duty on power distributors.

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 DISTRIBUTORS.**

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 distributors (pro- vided for in subheading 8536.69.80)	Free	No change	No change	On or before 12/31/2015	”.
---	------------	--	------	-----------	-----------	----------------------------	----

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

2

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

○