



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)):

Matched bevel gears, measuring 12.7 cm or more but not over 22.86 cm in outer diameter, suitable for use in off-road mechanized agricultural or construction equipment (provided for in subheading 8483.90.50)

(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 products are bevel gears, which are gears on the end of shafts that come together at an angle (usually 90 degrees). Bevel gears are used to change the direction of the shaft rotation. The subject bevel gears are used in off-road mechanized agricultural and construction equipment. The principal sources of imports are Germany and Italy. Opposition to this bill is noted below in the Contacts table.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	8483.90.50				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	2.5	2.5	2.5	2.5	2.5
Estimated value of dutiable imports (\$)	7,600,000	9,000,000	10,600,000	12,600,000	15,000,000
Customs revenue loss (\$)	190,000	225,000	265,000	315,000	375,000

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 set forth above was modified to limit the heading to the product imported by the interested entity.

VI. Continuation

Estimated effect on customs revenue - continued:

The estimated revenue loss in the table above is based on imports in the narrower suggested product description. If the original product description is used, estimated dutiable imports and revenue loss would be:

2013 - dutiable imports: 1,089,200,000; revenue loss: 27,230,000
2014 - dutiable imports: 1,290,700,000; revenue loss: 32,267,500
2015 - dutiable imports: 1,529,500,000; revenue loss: 38,237,500
2016 - dutiable imports: 1,800,400,000; revenue loss: 45,010,000
2017 - dutiable imports: 2,147,700,000; revenue loss: 53,692,500

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	John Deere (Interested entity) Sarah Dean	202-423-2286	No	No	No
2	American Gear, Inc. Greg Scott	815-537-5111	Yes	Yes	Yes
3	American Gear Manufacturers Association (AGMA) Joe Franklin	703-684-0211	No	No	No
4	Ann Arbor Gear Mark Kenny	517-552-3100	No	No	No
5	Caterpillar, Inc. Robert Thompson	202-466-0662	No	No	No
6	Cummins Steve May	202-393-8585	No	No	No
7	General Dynamics Corp. Thomas Madson	703-876-3733	No	No	No
8	Griffin Gear Randy Stewart	877-738-4296	No	No	No
9	Komatsu America Corp. Rod Schrader	547-437-5800	No	No	No
10	Riley Gear Michael Menz	904-829-5838	No	No	No
11	Schafer Gear Works Bipin Doshi	574-234-4116	No	No	No
12	Volvo Group North America Jonathan Miller	202-536-1555	No	No	No

David, Andrew

From: Greg Scott ·
Sent: Thursday, June 21, 2012 2:44 PM
To: David, Andrew
Subject: Re: Temporary duty suspensions on parts of gearing, gear boxes, and other speed changers

Follow Up Flag: Follow up
Flag Status: Flagged

Being a gear manufacturer I am strongly opposed to the bill. The only thing this is going to accomplish is to line the pockets of Senator Latham from some lobbyist that has a vested interest in a big gear company in China.

Thank you,
Greg Scott
American Gear, Inc.
ph (815) 537-5111

On 6/21/2012 1:09 PM, Andrew.David@usitc.gov wrote:

I am with the U.S. International Trade Commission (the Commission), an independent agency in the U.S. Government, which, among other things, provides advice to the President and Congress on all matters of international trade. I am writing to request your input on Congressional legislation related to tariff suspensions for parts of gearing, gear boxes, and other speed changers.

I have included more details on the bill in the following table and specific question on the legislation below the table.

Bill	Product	General tariff rate	Proposed tariff rate	Proposed expiration	Link to bill
H.R. 5623	Parts of gearing, gear boxes, and other speed changers (provided for in subheading 8483.90.50)	2.5%	Free	12/31/2015	http://www.gpo.gov/112hr5623ih/pdf/BIL112hr5623ih.pdf

The Commission prepares reports on legislation concerning duty suspensions for the Ways and Means and Senate Finance Committees. As a part of this process, the Commission attempts to identify and contact domestic firms and associations that may have an interest in the subject legislation.

We would appreciate it very much if you could please advise us in regard to:

- Do you have an interest in the proposed duty suspension legislation and, if so, do you support, oppose, or are you neutral to the bill?
- Do you make any of the products described in the bill or competing products in the United States? Is there other U.S. manufacturing of the products described in the bill or competing products? If so, could you provide the names of the firms that make these products?

If you are opposed to the bill, please submit comments to the House Ways and Means Committee (see <http://waysandmeans.house.gov/mtb/mtbbills.htm>) and send us a copy of the submission. Please note that the deadline for submitting comment to the House Ways and Means Committee is Friday, June 22.

Please provide us with any input on this legislation by Friday, July 6. Thank you for your time.

112TH CONGRESS
2D SESSION

H. R. 5623

To suspend temporarily the duty on parts of gearing, gear boxes, and other speed changers.

IN THE HOUSE OF REPRESENTATIVES

MAY 8, 2012

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

A BILL

To suspend temporarily the duty on parts of gearing, gear boxes, and other speed changers.

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. PARTS OF GEARING, GEAR BOXES, AND OTHER**
4 **SPEED CHANGERS.**

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:

“	9902.01.00	Parts of gearing, gear boxes, and other speed changers (provided for in subheading 8483.90.50)	Free	No change	No change	On or before 12/31/2015	”.
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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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