

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress¹**

[Date approved: August 26, 2008]²

Bill No. and sponsor: H.R. 5203 (Mrs. Ellen O. Tauscher of California).

Proponent name,³ location: Applied Materials, Inc., Santa Clara, CA.

Other bills on product (110th 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)):

Three-phase AC gearmotors, the foregoing of an output of 2.5 kW, each certified by the importer as having a flange with a diameter of 160 mm, a shaft with a diameter of 30 mm, an angular worm gear ratio number of 12.66:1 and an encoder (provided for in subheading 8501.52.40).

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 product of interest to the proponent is a 3-phase AC gearmotor⁴ rated at 2.5 kW, having a mounting that is 160 mm in diameter and a shaft that is 30 mm in diameter. The unit has an angular worm gear ratio of 12.66:1 and an encoder—an electrical device to measure how far the motor has rotated. The proponent indicates that this product can be used in semiconductor, liquid crystal display, and/or solar cell fabrication machinery. However, gearmotors are used in many other types of machinery, and in applications where torque from a motor needs to be varied because of the application but there is little room for an external gear box.

According to the proponent, Germany and Japan are the principal import sources of these gearmotors. Dutiable U.S. imports under HTS subheading 8501.52.40 (a broader category than is covered by this bill) totaled \$213.4 million in 2007, of which Germany and Japan accounted for \$39.2 million and \$50.5 million, respectively; China, the leading source of all goods under this subheading, shipped \$61.7 million.

¹ Industry analyst preparing report: Aaron Miller (202-205-3442); Tariff Affairs contact: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tata/hts/other/rel_doc/bill_reports/.

³ The sponsor/proponent did not identify any additional beneficiaries of this bill.

⁴ A gearmotor is an electric motor that incorporates one or several speed-reducing gears in the same unit. The reducing gears can be on a parallel shaft or positioned at a right angle. A 3-phase motor generally operates more efficiently than a single-phase motor, in part because most electrical power is distributed as 3-phase alternating current.

Estimated effect on customs revenue:

| HTS subheading: 8501.52.40 | | | | | |
|-----------------------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 |
| Col. 1-General rate of duty | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% |
| Estimated value <i>dutiable</i> imports | \$213,400,000 | \$213,400,000 | \$213,400,000 | \$213,400,000 | \$213,400,000 |
| Customs revenue loss | \$7,895,800 | \$7,895,800 | \$7,895,800 | \$7,895,800 | \$7,895,800 |

Source of estimated dutiable import data: Official U.S. Government statistics.⁵

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) | | |
| Applied Materials, Inc. (Proponent) Joe Pasetti, 202-638-443, ext. 6 | 04/30/2008 | No | No | No |
| Aerotech, Inc. Missy Emery, 412-963-7470 | 06/20/2008 | No | No | No |
| American Gear Manufacturers Association Joe T. Franklin, 703-684-0211 | 06/09/2008 | No | No | No |
| Baldor Electric Co. Betty Hale, 479-646-4711 | 06/20/2008 | No | No | No |
| CMC Torque Systems Christie Hightsman, 216-524-8800 | 06/20/2008 | No | No | No |
| Corning, Inc. Debra Waggoner, waggonerdl@corning.com | 06/06/2008 | No | No | No |
| Glentek, Inc. Milt Vasak, 310-322-3026 | 06/20/2008 | No | No | No |
| MicroMo Electronics, Inc. Mary Malincheck, 727-572-0131 | 06/12/2008 | No | No | No |
| National Electrical Manufacturers Association (NEMA) John Meakem, Joh_Meakem@nema.org | 06/06/2008 | No | No | No |

⁵ Estimated import data based on the proposed revised product description were not provided by the proponent for its imports. It is likely that the figures shown for imports and customs revenue loss overstate the potential actual imports and revenue loss for the products concerned, but more precise information is unavailable.

| Name of firm/organization | Date contacted | Claim US makes same or competing product(s)? | Submission attached? | Opposition noted? |
|----------------------------------------------------------------------------|----------------|----------------------------------------------|----------------------|-------------------|
| | | | (Yes/No) | |
| Nor-Cal Products, Inc. David Stone, davidstone@n-c.com | 06/06/2008 | No | No | No |
| Novellus Systems, Inc. Pushpita Prasad, pushpita.prasad@novellus.com | 06/05/2008 | No | Yes | No |
| Qioptiq Imaging Solutions John Gebhardt, john.gebhard@ny.qiotiq.com | 06/06/2008 | No | No | No |
| SAES Pure Gas, Inc. Criston Landoni, cristian_landon@saes-group.com | 06/05/2008 | No | No | No |
| Xandex, Inc. Nariman Manoochehri, nmanoochehri@xandex.com | 06/05/2008 | No | No | No |

Technical comments:⁶

The product description should be amended as shown on page 1, to conform to normal drafting practices in the HTS; the HTS cannot contain manufacturer names such as “Heindenhain,” and colors are not normally used in article descriptions because they must be interpreted. We suggest the use of an importer certification requirement because the precise physical characteristics set forth in the article description would likely need to be verified through laboratory testing, which is burdensome for Customs and Border Protection.

⁶ 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.

110TH CONGRESS
2D SESSION

H. R. 5203

To suspend temporarily the duty on 2.5-Kilowatt drive motor, Flange diameter 160 millimeter, shaft diameter 30 millimeter.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 29, 2008

Mrs. TAUSCHER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on 2.5-Kilowatt drive motor, Flange diameter 160 millimeter, shaft diameter 30 millimeter.

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. 2.5-KILOWATT DRIVE MOTOR, FLANGE DIAME-**
4 **TER 160 MILLIMETER, SHAFT DIAMETER 30**
5 **MILLIMETER.**

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

| | | | | | | | |
|---|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------|-----------|-------------------------|----|
| “ | 9902.01.00 | 2.5-Kilowatt drive motor, Flange diameter 160 millimeter, shaft diameter 30 millimeter. Light grey color, 12.66:1 ratio, Encoder Manufacturer: Heidenhain (provided for in subheading 8501.52.40) | Free | No change | No change | On or before 12/31/2011 | ”. |
|---|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------|-----------|-------------------------|----|

1 (b) **EFFECTIVE DATE.**—The amendment made by
 2 subsection (a) applies to articles entered, or withdrawn
 3 from warehouse for consumption, on or after the 15th day
 4 after the date of the enactment of this Act.

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