

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress**¹

[Date approved: May 14, 2008]²

Bill No. and sponsor: H.R. 4701 (Mr. Patrick J. Tiberi of Ohio).

Proponent name,³ location: USEC, Inc., Bethesda, MD.⁴

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)):⁵

No suggested chapter 99 article description language or product information are provided for cold boxes, feed purification systems, and cylinder handling systems as these products are already free of duty.

Weighing scales each having a maximum weighing capacity in excess of 5,000 kg (provided for in subheading 8423.89.00), certified by the importer as intended for use in an isotopic separation facility in southern Ohio.

Feed ovens (provided for in subheading 8514.20.80), certified by the importer as intended for use in an isotopic separation facility in southern Ohio.

Field mounted programmable logic controllers (PLCs) and visual display control panels therefor, the foregoing for a voltage not exceeding 1000 V (provided for in subheading 8537.10.90), designed for monitoring processing and displaying resulting information to an operator and certified by the importer as intended for use in an isotopic separation facility in southern Ohio.

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 products are to be used in isotopic separation facilities for enriching uranium. Prior to arriving at the facility, uranium has been converted into the form of uranium hexafluoride (UF₆). The UF₆ is turned into a gas in feed ovens and sent to centrifuges where it is enriched, cooled, and transported to nuclear power plants.

¹ Industry analyst preparing report: Dennis Fravel (202-205-3404); 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 The proponent's American Centrifuge Plant is to be built in Piketon, Ohio.

⁵ Provisions are set forth here only for those goods not already entering at normal trade relations duty rates of free.

Weighing scales are employed to determine the amount of UF₆ contained in the cylinders. Cylinders are weighed at various steps, usually in the feed area where UF₆ cylinders are placed into feed ovens and when withdrawing product for customers, to accurately determine cylinder status. Accuracy is required to determine the exact quantity of UF₆ contained in the cylinders. The likely source of the weighing scales will be Canada or the EU.

Feed ovens are heated enclosures that are used to heat UF₆ cylinders in order to vaporize UF₆ feed material for use in the centrifuge machines. The feed cylinders are placed inside the insulated enclosures and heated using an electric heater. The UF₆ inside the cylinders is vaporized and sent to the centrifuge machines. Scales internal to the feed oven indicate that the cylinder is emptying or has emptied. The likely source of the feed ovens is the Netherlands.

The plant control system is used to monitor and control the processes in the isotopic separation plant. The system would likely consist of computers, programmable logic controllers, and panels and circuit boards for the control and analysis of plant processes. These control devices will be integrated with sensors, actuators, alarms, and displays, as well as sensors embedded in equipment, to form a system. When the control devices are imported as a complete system, it is likely that the system would be classified as an entirety under HTS subheading 8537.10.90 (Customs and Border Protection ruling letter NY K88152, August 18, 2004). The likely source of the plant control system is Germany.

U.S. imports of weighing systems, feed ovens, and plant control equipment will likely occur during 2010-2012 when the bulk of the facility is constructed.

Because cold boxes, feed purification systems, and cylinder handling systems already enter the United States free of duty, no chapter 99 tariff provisions are needed or suggested for these goods and no information about them is included here.

Estimated effect on customs revenue:

Total Estimated Revenue loss for this Bill					
	2009	2010	2011	2012	2013
Estimated value <i>dutiable</i> imports	\$1,000,000	\$12,500,000	\$15,000,000	\$3,000,000	\$0
Customs revenue loss	\$27,000	\$272,500	\$305,000	\$53,000	\$0

HTS subheading: <u>8423.89.00</u>					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	2.9%	2.9%	2.9%	2.9%	2.9%
Estimated value <i>dutiable</i> imports	\$0	\$6,000,000	\$6,000,000	\$0	\$0
Customs revenue loss	\$0	\$174,000	\$174,000	\$0	\$0

Source of estimated dutiable import data: Industry and Commission estimates.

HTS subheading: <u>8514.30.80</u>					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	1.3%	1.3%	1.3%	1.3%	1.3%
Estimated value <i>dutiable</i> imports	\$0	\$5,500,000	\$8,000,000	\$2,000,000	\$0
Customs revenue loss	\$0	\$71,500	\$104,000	\$26,000	\$0

Source of estimated dutiable import data: Industry and Commission estimates.

HTS subheading: <u>8537.10.90</u>					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	2.7%	2.7%	2.7%	2.7%	2.7%
Estimated value <i>dutiable</i> imports	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0
Customs revenue loss	\$27,000	\$27,000	\$27,000	\$27,000	\$0

Source of estimated dutiable import data: Commission estimates based on data from industry.

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)		
USEC, Inc. (Proponent) Vijay Sazawal, 301-564-3200	3/13/2008	No	No	No
Areva NC Inc. James Yu, 301-841-1652	5/15/2008	No	Yes	Yes
Louisiana Energy Services, Inc. Clint Williamson, 703-682-5207	3/24/2008	No	No	No

Technical comments:⁶

We suggest that the goods of interest to the proponent should be included in chapter 99 of the HTS in the way shown on page 1. The machinery named in the bill (cold boxes, feed ovens, feed purification systems and associated cooling systems, control systems, weighing systems, and cylinder handling systems) are not classified in HTS subheading 8401.20.00, which covers machinery and apparatus for isotopic separation, and parts thereof. These goods are classified in more specific provisions of the HTS as set forth below.

Cold boxes fall under HTS subheading 8418.61.00, as heat pumps other than air conditioning machines of heading 8415, or subheading 8418.69.00, as other refrigerating or freezing equipment, other than heat pumps.

Feed ovens are classified in HTS subheading 8514.20.80, industrial or laboratory electric furnaces and ovens.

Feed purification systems are classified in HTS subheading 8421.39.80, centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquids or gases.

Control systems are complex and may involve many products in different classifications. Control panels and programmable logic controllers are classified in HTS subheading 8537.10.90, covering boards, panels, consoles, desks, cabinets and other bases, equipped with two or more apparatus of heading 8535 or 8536, for electric control or the distribution of electricity, including those incorporating instruments or apparatus of chapter 90, and numerical control apparatus, other than switching apparatus of heading 8517, for a voltage not exceeding 1,000 V.

Weighing systems (scales) are classified in HTS subheading 8423.89.00, covering weighing machinery (excluding balances of a sensitivity of 5 cg or better), including weight-operated counting or checking machines).

Cylinder handling machines are classified in HTS subheading 8428.90.01, covering other lifting, handling, loading or unloading machinery.

We suggest three headings be used in the bill in order to permit Customs to administer the duty suspensions in its automated entry system. Because cold boxes, feed purification systems, and cylinder handling systems have general duty rates of free, no chapter 99 heading is needed for any of them.

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
1ST SESSION

H. R. 4701

To suspend temporarily the duty on certain structures, parts, and components for use in an isotopic separation facility in southern Ohio.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2007

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

A BILL

To suspend temporarily the duty on certain structures, parts, and components for use in an isotopic separation facility in southern Ohio.

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 STRUCTURES, PARTS, AND COMPO-**
4 **NENTS FOR USE IN AN ISOTOPIC SEPARA-**
5 **TION FACILITY IN SOUTHERN OHIO.**

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.____	Certain structures, parts, and components for use in an isotopic separation facility (isotopic separation equipment) consisting of cold boxes, feed ovens, and feed purification systems, including their associated cooling systems, control systems, weighing systems, and cylinder handling systems, for the construction of an isotopic separation facility in southern Ohio known as the American Centrifuge Plant (provided for in subheading 8401.20.00)	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 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.

