

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: July 1, 2008]²

Bill No. and sponsor: H.R. 5113 (Mr. Kenny Hulshof of Missouri).

Proponent name,³ location: Ford Motor Co., Dearborn, MI.

Other bills on product (110th Congress only): None.

Nature of bill: Extension of temporary duty reduction through December 31, 2011.⁴

Retroactive effect: None.

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

Transaxles, each incorporating an integral electronic controller, the foregoing designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8708.40.11).

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:

In a conventional vehicle, a transaxle combines the transmission and differential of a motor vehicle into a single unit that connects directly to the axles of the driving wheels. The transaxle provides the gear ratios required to operate the vehicle under a variety of speed and load conditions. In a hybrid vehicle, this component mixes the power from the engine and the battery and delivers it to the vehicle wheels. During vehicle deceleration, the transaxle converts kinetic energy into electrical power that is sent to the battery. The transaxle incorporates an electronic controller that manages the operation of the transaxle. These transaxles for hybrid vehicles are imported from Japan. Dutiable U.S. imports of all goods classifiable in HTS subheading 8708.40.11 (gear boxes for motor vehicles of several tariff categories) totaled about \$3.3 billion, of which over \$2.2 billion came from Japan. Other suppliers of dutiable imports included France, Mexico,⁵ and Germany.

¹ Industry analyst preparing report: John Kitzmiller (202-205-3387); Tariff Affairs contact: Jan Summers (202-205-2605).

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

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

⁴ The text of the bill incorrectly declares this to be an extension of a duty suspension.

⁵ Only originating goods of Mexico under general note 12(t) to the HTS are eligible for duty-free entry under the North American Free Trade Agreement.

Estimated effect on customs revenue:

HTS subheading: 8708.40.11					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	2.5%	2.5%	2.5%	2.5%	2.5%
Estimated value <i>dutiable</i> imports	\$51,800,000	\$51,800,000	\$51,800,000	\$51,800,000	\$51,800,000
Customs revenue loss <u>1/</u>	\$0	\$517,714	\$518,714	\$517,714	\$517,714

1/ There is an existing duty reduction under HTS heading 9902.10.93 that expires on December 31, 2009. Therefore, there will be no customs revenue loss related to this bill for 2009. The estimated Customs revenue loss is based on a temporary duty reduction of the general rate of duty from 2.5 percent ad valorem to 1.5 percent ad valorem, a reduction of 1 percentage point.

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

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)		
Ford Motor Company (Proponent) J.T. Young, 202-962-5379	04/08/2008	No	No	No
American Honda Motor Co. Toni Harrington, 202-661-4400	04/08/2008	No	No	No
Bosch Auto Parts USA Norm Johnson, norman.johnson@us.bosch.com	04/08/2008	No	No	No
Chrysler LLC Yancy Molnar, 202-414-6732	04/11/2008	No	No	No
Delphi Corporation Dina Vizzaccaro, dina.vizzaccaro@delphi.com	04/08/2008	No	No	No
Denso International America, Inc. John Voorhorst, john_voorhorst@denso-diam.com	04/10/2008	No	No	No
Electronic Drive Transportation Assn. Genevieve Cullen, 202-408-0776	04/08/2008	No	No	No

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
General Motors Shirley Zebroski, 202-775-5082	04/10/2008	No	No	No
Johnson Controls, Inc. Mary Ann Wright, 414-524-1200	04/10/2008	No	No	No
Motor and Equipment Mfg. Assn. Catherine Boland, 202-312-9241	04/10/2008	No	No	No
Toyota David Vennett, dvennett@tma.toyota.com	04/08/2008	No	No	No
Visteon Corporation Lydia Brennan, lbrennan@visteon.com	04/10/2008	No	No	No
Volkswagen of America, Inc. Martha Brown, 248-754-5020	04/09/2008	No	No	No

Technical comments:⁶

The title of this bill incorrectly describes this as an extension of a temporary duty suspension. Rather, this is an extension of a temporary duty reduction.

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. 5113

To extend the temporary suspension of duty on certain transaxles designed for use in hybrid vehicles.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 23, 2008

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

A BILL

To extend the temporary suspension of duty on certain transaxles designed for use in hybrid vehicles.

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 TRANSAXLES DESIGNED FOR USE IN**

4 **HYBRID VEHICLES.**

5 (a) IN GENERAL.—Heading 9902.10.93 of the Har-
6 monized Tariff Schedule of the United States (relating to
7 certain transaxles designed for use in hybrid vehicles) is
8 amended by striking “12/31/2009” and inserting “12/31/
9 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.

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