

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. 5115 (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 suspension through December 31, 2011.

Retroactive effect: None.

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

Controllers for electronic power assisted steering systems, rated at 80 amperes at 12 V, designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8537.10.90).

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 subject controllers, in general, monitor the sensors in, and provide the power and electricity to, the steering assist motor of a vehicle's steering system. This function is accomplished through the use of a system-specific microprocessor and software programmed for an electrical system that drives certain types of power circuits to help operate the vehicle's steering. The controller designed for use in hybrid motor vehicles works by monitoring a hybrid-specific vehicle message which indicates the vehicle is in "operate mode" (which includes modes of operation in which the engine speed is at zero revolutions per minute (rpm) and the vehicle is operating in electric-only mode) so that the steering system operates properly and without interruption. In contrast, controllers designed for use in conventional vehicles must monitor engine speed and disable the power to the steering assist motor if the engine speed goes below an established threshold that is above zero rpms. The source of U.S. imports of these controllers is Japan. Dutiable U.S. imports of all goods classified in HTS subheading 8537.10.90 (a broader range of electrical controllers than the products covered by the duty suspension) exceeded \$2.4 billion in 2007, primarily from China, Japan, Germany, United Kingdom, and Mexico.⁴

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 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: 8537.10.90 | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 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 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| Customs revenue loss <u>1/</u> | \$0 | \$54,000 | \$54,000 | \$54,000 | \$54,000 |

1/ The estimated customs revenue loss for 2009 reflects the existing duty suspension under heading 9902.10.95 that expires on December 31, 2009. Therefore, there will be no customs revenue loss related to this bill for 2009.

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 |
| Automotive Aftermarket Industry Assn. Lee Kadrich, 301-654-6664 | 04/10/2008 | 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, 202-824-0412 | 04/08/2008 | No | No | No |
| Electronic Drive Transportation Assn. Genevieve Cullen, 202-408-0776 | 04/08/2008 | No | No | No |
| General Motors Shirley Zebroski, 202-775-5082 | 04/10/2008 | No | No | No |

| Name of firm/organization | Date contacted | Claim US makes same or competing product(s) ? | Submission attached? | Opposition noted? |
|--|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Johnson Controls, Inc. Mary Ann Wright, 414-524-1200 | 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:⁵

The title, section 1 title and the text suggest that the bill covers controllers for braking systems, while the tariff heading actually covers those for steering systems. The intent of the proponent was to extend the existing duty suspension, so the bill should be amended to properly reflect the products covered.

⁵ 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. 5115

To extend the temporary suspension of duty on certain controllers for electric power assisted braking systems, 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 controllers for electric power assisted braking systems, 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 CONTROLLERS FOR ELECTRIC**
4 **POWER ASSISTED BRAKING SYSTEMS, DE-**
5 **SIGNED FOR USE IN HYBRID VEHICLES.**

6 (a) IN GENERAL.—Heading 9902.10.95 of the Har-
7 monized Tariff Schedule of the United States (relating to
8 certain controllers for electric power assisted braking sys-
9 tems, designed for use in hybrid vehicles) is amended by
10 striking “12/31/2009” and inserting “12/31/2011”.

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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