

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: August 8, 2008]²

Bill No. and sponsor: H.R. 5297 (Mr. Bob Inglis of South Carolina).

Proponent name,³ location: Michelin North America, Inc., Greenville, SC.

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

Nature of bill: Temporary duty suspension through December 31, 2011.

Retroactive effect: January 1, 2008.

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

Post systems, feeder systems, reels, conveying equipment, controlling machinery and other motor vehicle tire production machinery, all the foregoing designed for the production of tires having a tread width of more than 450 mm, and parts thereof (provided for in subheading 8477.51.00, 8477.90.25, 8477.90.65 or 8477.90.85).

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 machines, including but not limited to post systems, feeder systems, reels, conveying equipment, and controlling machinery, are used for molding or retreading pneumatic tires or for molding or otherwise forming inner tubes. Post systems, feeder systems, reels, and conveying equipment manage and feed material into the tire-building process to construct the tire carcass, layer the belts on the carcass, and shape the carcass into a green or uncured tire.⁴ The bead assemblies,⁵ calendered plies,⁶ belts⁷ and inner liner,⁸ tread without a pattern and sidewall sections are on reels that are fed into the tire-building machine. In constructing the carcass, the inner liner is wrapped around a large drum. The tire bead is the next layer added, followed by tire cord ply. Then the sidewalls are pressed onto this carcass. The belts and tread are then applied. The bill would cover machinery used to build or mold truck and automobile

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 Green tires are tires that have been assembled from components—namely, treads, plies, steel belts, sidewalls, liners, and bead bundles that have been cured or molded together.

⁵ Tire bead is a loop of high-strength steel cable coated with rubber that is positioned on the inner diameter of the tire to seat the tire on the wheel rim.

⁶ Ply is a layer of steel cord wire that runs from side to side, upon which the steel belts and tread are layered.

⁷ Steel cord belts are composed of steel filaments (wires) woven together to form cord. The cord is then woven into a belt that is used to reinforce the rubber in radial tires.

⁸ The inner liner is a nonpermeable rubber liner covering the inside of the tire from side to side that allows the tire to be inflated with air.

tires with a tread width of 450 mm (approximately 17.7 inches) or greater, typically used on military vehicles which need extra-wide tires. The source of imports of this particular machinery is France.

Estimated effect on customs revenue:

Total Estimated Revenue Loss for this Bill					
	2009	2010	2011	2012	2013
Customs revenue loss	\$294,500	\$201,500	\$201,500	\$201,500	\$201,500

HTS subheading: <u>8477.51.00</u>					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$2,000,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Customs revenue loss 1/	\$62,000	\$46,500	\$46,500	\$46,500	\$46,500

1/ Commission staff estimates that \$2,000,000 in imports may be eligible for retroactive application of the duty suspension, based upon information from the proponent, resulting in approximately \$62,000 of customs revenue loss for 2008. An under mined portion of imports under this HTS subheading would be covered by existing duty suspensions: HTS subheadings 9902.84.88 and 9902.84.89.

Source of estimated dutiable import data: Commission estimates based on U.S. Government statistics and industry estimates.

HTS subheading: <u>8477.90.25</u>					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Customs revenue loss 1/	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000

1/ Commission staff estimates that \$1,000,000 in imports may be eligible for retroactive application of the duty suspension, based upon information from the proponent, resulting in approximately \$31,000 of customs revenue loss for 2008.

Source of estimated dutiable import data: Commission estimates based on U.S. Government statistics and industry estimates.

HTS subheading: 8477.90.65					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Customs revenue loss 1/	\$31,000	\$31,000	\$31,000	\$31,000	\$31,000

1/ Commission staff estimates that \$1,000,000 in imports may be eligible for retroactive application of the duty suspension, based upon information from the proponent, resulting in approximately \$31,000 of customs revenue loss for 2008.

Source of estimated dutiable import data: Commission estimates based on U.S. Government statistics and industry estimates.

HTS subheading: 8477.90.85					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$5,500,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Customs revenue loss 1/	\$170,500	\$93,000	\$93,000	\$93,000	\$93,000

1/ Commission staff estimates that \$5,500,000 in imports may be eligible for retroactive application of the duty suspension, based upon information from the proponent, resulting in approximately \$170,500 of customs revenue loss for 2008. An under mined portion of imports under this HTS subheading would be covered by existing duty suspensions: HTS subheadings 9902.84.88 and 9902.84.89.

Source of estimated dutiable import data: Commission estimates based on U.S. Government statistics and industry 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)	
Michelin North America, Inc. (Proponent) Stan Pech, 864-458-6600	05/09/2008	No	No	No
Arc Machine, Inc. George Koberlein, Fax: 330-644-9273	04/04/2008	No	No	No
Bartell Machinery, LLC Jerry Eisenhart, Fax: 315-336-0947	04/29/2008	No	No	No
Bridgestone Firestone, Inc. Steve Akey, 202-354-8220	03/11/2008	No	No	No

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Carlisle Industrial Components Bob Denham, 800-827-1001	03/28/2008	No	No	No
Denman Tire Corp. James Tuschner, jtuschner@denmantire.com	03/28/2008	No	No	No
Farrel Corp. Bill Flaherty, Fax: 203-736-5580	04/29/2008	No	No	No
Goodyear Tire & Rubber Co. Isabel Jasinowski, 202-682-9250	03/28/2008	No	No	No
Herbert Machine Works, Inc. Matthias Walter, Fax: 330-929-4298	04/04/2008	No	No	No
King Machine of Charlotte Dan Centea, 704-583-0486	04/04/2008	No	No	No
Kobelco Stewart Bolling, Inc. James P. Hill, j.hill@ksbi.com	04/08/2008	No	No	No
McNeil & NRM Bob Nelson, 330-253-2525	04/08/2008	No	No	No
Ohio Machine & Manufacturing Co., Inc. Mike Fike, Fax: 323-588-3338	04/08/2008	No	No	No
Purcell Tire & Rubber Co. Dennis Flynn, 573-438-2131	04/07/2008	No	No	No
Quality Mold, Inc. Steve Zoumberakis, Fax: 330-645-2493	04/04/2008	No	No	No
R & D Mold & Machine, Inc. Ken Owens, Fax: 931-379-0228	04/04/2008	No	No	No
Rogers Industrial Products, Inc. John R. Cole, 330-535-3331	04/04/2008	Yes	Yes	Yes
RJS Corp. Raymond Slezak, Fax: 330-896-3282	04/29/2008	No	No	No
RRR Development Co., Inc. Bob Irwin, 330-966-8855	04/04/2008	Yes	Yes	Yes
Specialty Tires of America, Inc. Mark Grant, 724-349-9010	03/28/2008	No	No	No
Steelastic LLC Brian Fetzer, Fax: 330-633-0527	04/04/2008	No	No	No
Titan International, Inc. Gary Schuster, 515-265-9403	04/08/2008	No	No	No
Wyko Tire Technology, Inc. Ismail Menguc, 865-856-2317	04/07/2008	No	No	No

Technical comments:⁹

The permanent tariff provisions affected by this bill already have temporary duty measures in place for particular tire building machinery (specified types of machines for producing tires with a rim size measuring 63.5 centimeters or more in diameter) through the close of 2009 (HTS subheadings 9902.84.85, .88, and .89). The new provision, with the amended article description shown on page 1, would apply only to machinery to build large tread width tires and would include the tariff provisions applicable to all of the goods named in the bill. If the effective periods of the existing duty suspension provisions for other tire-forming machinery are also extended (See H.R. 4746 and H.R. 4747), there would be overlapping coverage between the new provision and at least part of each existing provision, which might present confusion.

Also, as drafted, the HTS provisions applicable to parts for the named machinery were not enumerated in the bill; thus, the pertinent tariff provisions were added to the proposed heading on page 1. The bill as drafted also refers to accessories for such machinery, but the nature of such goods is not known and they would likely be classifiable in other tariff provisions, because accessories are not named in heading 8477. The revised article description on page 1 does not include any mention of such accessories.

⁹ 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. 5297

To suspend temporarily the duty on certain tirebuilding machines used in the manufacture of extra-wide pneumatic truck and automobile tires, and parts and accessories thereof.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2008

Mr. INGLIS of South Carolina introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on certain tirebuilding machines used in the manufacture of extra-wide pneumatic truck and automobile tires, and parts and accessories thereof.

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 TIREBUILDING MACHINES USED IN**
4 **THE MANUFACTURE OF EXTRA-WIDE PNEU-**
5 **MATIC TRUCK AND AUTOMOBILE TIRES, AND**
6 **PARTS AND ACCESSORIES THEREOF.**

7 (a) IN GENERAL.—Subchapter II of chapter 99 of
8 the Harmonized Tariff Schedule of the United States is

1 amended by inserting in numerical sequence the following
 2 new heading:

“	9902.01.00	Machines, including but not limited to post systems, feeder systems, reels, conveying equipment, and controlling machinery, of a kind used for building truck and automobile tires, capable of producing tires having a tread width of more than 450 mm (provided for in subheading 8477.51.00), and parts and accessories thereof	Free	No change	No change	On or before 12/31/2011	”.
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3 (b) EFFECTIVE DATE.—The amendment made by
 4 subsection (a) applies to goods entered, or withdrawn from
 5 warehouse for consumption, on or after the 15th day after
 6 the date of the enactment of this Act.

7 (c) RETROACTIVE APPLICATION.—Notwithstanding
 8 section 514 of the Tariff Act of 1930 (19 U.S.C. 1514)
 9 or any other provision of law, upon proper request filed
 10 with U.S. Customs and Border Protection before the 90th
 11 day after the date of the enactment of this Act, any entry,
 12 or withdrawal from warehouse for consumption, of any
 13 good—

14 (1) that was made on or after January 1, 2008,
 15 and before the 15th day after the date of the enact-
 16 ment of this Act; and

17 (2) with respect to which there would have no
 18 duty if the amendment made by subsection (a) ap-
 19 plied to such entry or withdrawal,

- 1 shall be liquidated or reliquidated as if such amendment
- 2 applied to such entry or withdrawal.

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