

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. 5295 (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: From January 1, 2008.

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

Hot feed extruding machines certified by the importer as for building truck and automobile tires, such machines capable of extruding rubber materials measuring 870 mm or more but not over 1200 mm in width, and parts thereof (provided for in subheading 8477.20.00, 8477.90.25, 8477.90.45 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:

Hot feed extruding machines, or extruders (and related parts) (provided for in HTS subheading 8477.20.00), are used to mix and form rubber in the tire manufacturing process. The rubber is inserted into the extruder barrel where it is pre-heated, blended, and pressurized. A large screw called a barrel screw moves the mixture forward through the barrel and continuously presses the material through a die attached to the output end of the barrel. The die imparts a cross-sectional shape to the rubber. Extruders are used to make the rubber tread and tire sidewalls.

Several types of parts are provided for by name in subheading 8477.90.25; barrel screws for such machines are separately provided for in HTS subheading 8477.90.45; and other parts are imported under subheading 8477.90.85. The principal import sources of these machines are Italy, Germany, and France. Dutiable U.S. imports of all extruding machines totaled approximately \$125.8 million in 2007; such imports under the other subheadings were about \$6.7 million and \$104.5 million, respectively, in that year. Chief sources of the subject parts were Germany and Austria.

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.

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>8477.20.00</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 under sec. 1.(c) of the bill, based upon information from the proponent, resulting in approximately \$62,000 of customs revenue loss in 2008.

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 under sec. 1.(c) of H.R. 5295 based upon information from the proponent, resulting in approximately \$31,000 of Customs revenue loss in 2008.

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

HTS subheading: 8477.90.45					
	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 under sec. 1.(c) of the bill, based upon information from the proponent, resulting in approximately \$31,000 of customs revenue loss in 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 under sec. 1.(c) of H.R. 5295 based upon information from the proponent, resulting in approximately \$170,500 of Customs revenue loss in 2008.

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
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

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/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	No	No	No
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	No	No	No
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:⁴

The article description of the proposed heading should be amended as shown on page 1. As drafted, it contained a nonexistent HTS subheading number and did not include specific mention of the parts covered by 3 of the 4 subheadings. Customs officials need the narrative portion of the article description to match the specified HTS subheadings in order to be authorized to give the intended duty treatment.⁵

⁴ 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.

⁵ Email from Stan Pech, Michelin, to USITC staff, May 22, 2008.

110TH CONGRESS
2D SESSION

H. R. 5295

To suspend temporarily the duty on certain hot feed extruding equipment 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 hot feed extruding equipment 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 HOT FEED EXTRUDING EQUIPMENT**
4 **USED IN THE MANUFACTURE OF EXTRA-WIDE**
5 **PNEUMATIC TRUCK AND AUTOMOBILE TIRES,**
6 **AND 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	Hot feed extruding machines for building truck and automobile tires, capable of extruding rubber materials within the range of 870 mm to 1200 mm in width (provided for in subheading 8477.20.20), 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,
 20 shall be liquidated or reliquidated as if such amendment
 21 applied to such entry or withdrawal.

1 (d) RETROACTIVE APPLICATION.—Notwithstanding
2 section 514 of the Tariff Act of 1930 (19 U.S.C. 1514)
3 or any other provision of law, upon proper request filed
4 with the Bureau of Customs and Border Protection before
5 the 90th day after the date of the enactment of this Act,
6 any entry, or withdrawal from warehouse for consumption,
7 of any good—

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

11 (2) with respect to which there would have no
12 duty if the amendment made by subsection (a) ap-
13 plied to such entry or withdrawal,
14 shall be liquidated or reliquidated as if such amendment
15 applied to such entry or withdrawal.

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