

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 109<sup>th</sup> Congress<sup>1</sup>**

[Date approved: July 24, 2006]<sup>2</sup>

**Bill No. and sponsor:** S. 2353 (Mr. Jim DeMint, SC).

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

**Other bills on product (109<sup>th</sup> Congress only):** H.R. 4486.

**Nature of bill:** Temporary duty suspension through December 31, 2009.

**Retroactive effect:** None.

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

Machines for molding or forming pneumatic tires, the foregoing containing in a single housing both components for processing rubber, for positioning and assembling tire components (including but not limited to belts, cords and other reinforcing materials) and for curing “green tires” to produce finished pneumatic tires of heading 4011; parts of such machines (including molds); or molds entered separately (provided for in 8477.51.00, 8477.90.85 or 8480.71.80, respectively).

**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 machines combine the tire-making operations of tire-building and tire curing. In tire-building, tire components (tread, ply,<sup>3</sup> belts,<sup>4</sup> sidewalls, liner,<sup>5</sup> and bead bundles<sup>6</sup>) are assembled into an uncured, or “green” tire. First the carcass of the tire is developed, including the bead bundles, plies, sidewalls, and liner, and then the tread and underlying belts are assembled. The two subassemblies are then joined together. The green tires are then cured in a curing mold under intense pressure and high heat in order to cure the rubber into a durable tire. Simultaneous to the curing, the tread pattern and tire markings are molded into the tire. The finished tires are then ejected from the molds, and new green tires are placed in the mold for curing. Machines may operate several molds at once. The principal import source of these machines, related parts, and molds is France.

<sup>1</sup> Industry analyst preparing report: Dennis Fravel (202-205-3404); Tariff Affairs contact: Jan Summers (202-205-2605).

<sup>2</sup> Access to an electronic copy of this memorandum is available at [http://usitc.gov/tata/hts/other/rel\\_doc/bill\\_reports/index.htm](http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm).

<sup>3</sup> Ply is a layer of steel cord wire that runs from side to side upon which is layered steel belts and tread.

<sup>4</sup> Steel cord belts are composed of steel filaments (i.e., wires) woven together to form cord. The cord is then woven into a belt that is used to reinforce the rubber in radial tires.

<sup>5</sup> 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.

<sup>6</sup> 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.

**Estimated effect on customs revenue:**

<b>Total Revenue Loss for this Bill</b>					
	2006	2007	2008	2009	2010
<del> </del>					
Customs revenue loss	\$434,000	\$372,000	\$372,000	\$372,000	\$248,000

Source of estimated dutiable import data: Sum of table totals below.

<b>HTS subheading: <u>8477.51.00</u></b>					
	2006	2007	2008	2009	2010
<del> </del>					
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$8,400,000	\$7,200,000	\$7,200,000	\$7,200,000	\$4,800,000
Customs revenue loss	\$260,400	\$223,200	\$223,200	\$223,200	\$148,800

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

<b>HTS subheading: <u>8477.90.85</u></b>					
	2006	2007	2008	2009	2010
<del> </del>					
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$2,800,000	\$2,400,000	\$2,400,000	\$2,400,000	\$1,600,000
Customs revenue loss	\$86,800	\$74,400	\$74,400	\$74,400	\$49,600

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

<b>HTS subheading: <u>8480.71.80</u></b>					
	2006	2007	2008	2009	2010
<del> </del>					
Col. 1-General rate of duty	3.1%	3.1%	3.1%	3.1%	3.1%
Estimated value <i>dutiable</i> imports	\$2,800,000	\$2,400,000	\$2,400,000	\$2,400,000	\$1,600,000
Customs revenue loss	\$86,800	\$74,400	\$74,400	\$74,400	\$49,600

Source of estimated dutiable import data: Industry and Commission 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) Steve Evered, 864-458-5080	4/18/2006	No	No	No
Arc Machine, Inc. George Koberlein, 330-644-0239	5/18/2006	No	No	No
Athens Mold & Machine, Inc. <sup>1</sup> Jack Thorton, 519-428-5333	5/15/2006	No	No	No
Bridgestone Firestone, Inc. Steve Akey, 202-354-8220	5/15/2006	No	No	No
Continental Tire North America, Inc. Tom Williams, 704-583-8570	5/17/2006	No	No	No
Five Star Mold Company Jim Ingersoll, 330-753-7021	5/22/2006	No	No	No
Goodyear Tire & Rubber Co. Isabel Jasinowski, 202-682-9250	5/15/2006	No	No	No
Herbert Machine Works, Inc. Randy Jarvis, 330-929-4297	5/18/2006	No	No	No
King Machine of Charlotte Dan Centea, 704-583-0486	5/17/2006	Yes	Yes	Yes
Kobelco Stewart Bolling, Inc. David Norman, 330-655-3117	5/18/2006	No	No	No
McNeil & NRM Bob Nelson, 330-253-2525	5/17/2006	No	No	No
Northeast Tire Mold Chris Sipe, 330-376-6107	5/18/2006	Yes	Yes	Yes
PCM Company, Inc. Paul Bebout, 330-336-8040	5/25/2006	No <sup>2</sup>	Yes	Yes
Quality Mold Ron McNeil, 330-645-6653	5/17/2006	No	No	No
R & D Mold & Machine, Inc. Aaron Owens, 931-379-5805	5/25/2006	No	No	No
RRR Development Co., Inc. Bob Irwin, 330-966-8855	5/26/2006	Yes	Yes	Yes
Rogers Industrial Products, Inc. John R. Cole, 330-535-3331	5/19/2006	No	No	No

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
Titan Tire Corp. Bill Campbell, 515-265-9200	5/15/2006	No	No	No
Universal Tire Mold Paul Scurei, 330-253-5101	5/18/2006	No	No	No
VMI Americas, Inc. Auke Dalstra, 330-929-6800	5/19/2006	No	No	No

<sup>1</sup> Athens Mold & Machine, Inc., has production facilities in Athens, OH, but the company headquarters are in Canada.

<sup>2</sup> PCM Company, Inc. produces castings for tire molds.

### Technical comments:<sup>7</sup>

According to the National Import Specialist, U.S. Customs and Border Protection Service (Customs), some potential administrative or interpretative issues would likely arise from the proposed description. Because the shipments would involve large machines that form and mold tires from start to finish, they may not be shipped as an entity presented to Customs at one time and may arrive on different vessels or at different ports. Thus, it may be difficult for Customs to decide at the time it receives a single entry or entry line item whether the good concerned comprises a finished machine or component or an unfinished machine, in accordance with General Rule of Interpretation 2(a)<sup>8</sup> of the Harmonized Tariff Schedule of the United States. If a substantial portion of the machine is unfinished, it may be difficult to identify whether it is part of the covered machine or if it is a dutiable machine or a part thereof.

In addition, the term “common housing” may be subject to interpretation and confusion. The term might be construed to require a minimal top or roof over the complete machine or a more substantial enclosure on all sides and the top of the machine; alternatively, units might be connected to form a continuous processing system, but not have a single external covering per se. Nor would the answers to these questions necessarily be obvious to a Customs officer upon receipt of any particular entry. Additional information from the industry would be needed to reduce or avoid some of these interpretive issues, or to attempt to address objections raised with the Commission.

The proponent has indicated that the bill should be amended to include molds for the sector mold presses. Molds for sector mold presses are typically classified under HTS subheading 8480.71.80, as “other injection or compression molds.” However, a mold or molds may be classified as part of a molding machine, in this case a sector mold press, under HTS subheading 8477.85.90, when shipped together with the machine if the mold or molds are required for the operation of the machine.<sup>9</sup> If there are excess or

<sup>7</sup> 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.

<sup>8</sup> In this instance, a machine entering as a machine may be incomplete or unfinished, provided that it has the essential character of a complete or finished article. Further, the machine may enter either unassembled or disassembled.

<sup>9</sup> U.S. Customs and Border Protection, *Classification of Molds and Their Parts Under the HTSUS*, May 2005, p. 15, found at [http://www.customs.gov/linkhandler/cgov/toolbox/legal/informed\\_compliance\\_pubs/icp059.ctt/icp059.pdf](http://www.customs.gov/linkhandler/cgov/toolbox/legal/informed_compliance_pubs/icp059.ctt/icp059.pdf), retrieved May 18, 2006.

spare molds shipped with the machine that are not required for the operation of the machine, the molds will likely be classified as molds under HTS subheading 8480.71.80.

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2353

To suspend temporarily the duty on certain integrated machines for manufacturing pneumatic tires.

---

IN THE SENATE OF THE UNITED STATES

MARCH 2, 2006

Mr. DEMINT introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To suspend temporarily the duty on certain integrated machines for manufacturing pneumatic tires.

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 INTEGRATED MACHINES FOR MANU-**  
4 **FACTURING PNEUMATIC TIRES.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of  
6 the Harmonized Tariff Schedule of the United States is  
7 amended by inserting in numerical sequence the following  
8 new heading:

“	9902.84.10	Machines for molding or forming pneumatic tires (provided for in subheading 8477.51.00) and containing in a single housing components for processing rubber, as well as components for positioning and assembling other tire components including but not limited to belts, cords and other reinforcing materials, and of curing materials, to produce finished pneumatic tires .....	Free	No change	No change	On or before 12/31/2009	”.
---	------------	---	------	-----------	-----------	-------------------------	----

1           (b) **EFFECTIVE DATE.**—The amendment made by  
2 subsection (a) applies with respect to goods entered, or  
3 withdrawn from warehouse for consumption, on or after  
4 the 15th day after the date of the enactment of this Act.

○