

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: August 17, 2006]²

Bill No. and sponsor: S. 2987 (Mr. George Allen of Virginia).

Proponent name, location: Sumitomo Corporation of America, New York, NY.

Other bills on product (109th Congress only): None.

Nature of bill: Extension of existing temporary duty suspension through December 31, 2009.³

Retroactive effect: None.

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

Railway car body shells of stainless steel, the foregoing which are designed for gallery-type railway cars each having an aggregate capacity of up to 150 passengers on two enclosed levels (provided for in subheading 8607.99.10).

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:

Railway car body shells are made of stainless steel and are used in the manufacture of gallery-type rail cars destined to be used by the Virginia Railway Express Company, part of the Northern Virginia Transportation Commission, as commuter railcars. Each car will seat up to 144 passengers and depends on electricity for its motive power.

The subject car body shells will be manufactured in Nippon Sharayo's Toyokawa plant in Japan, with the final assembly performed at Super Steel's plant in Milwaukee, WI using various components procured in the United States. The \$19.2 million contract between Sumitomo and Virginia Railway Express involves forty-eight car bodies to be delivered between the end of 2006 and the end of 2008.

The revenue loss figures would rise if any other importer utilizes the provision, but no such potential importer has been identified. The principal sources of such car shells have been Japan and Germany.

¹ Industry analyst preparing report: Peder Andersen (202-205-3388); 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 existing duty suspension under HTS heading 9902.86.07 expires on December 31, 2006.

Estimated effect on customs revenue:

HTS subheading: 8607.99.10					
 	2006	2007	2008	2009	2010
Col. 1-General rate of duty	2.8%	2.8%	2.8%	2.8%	2.8%
Estimated value <i>dutiable</i> imports ^{1/}	\$400,000	\$4,400,000	\$14,400,000	\$0	\$0
Customs revenue loss ^{2/}	\$11,200	\$123,200	\$403,200	\$0	\$0

^{1/} Estimated deliveries: one car delivered in 2006, eleven in 2007, and thirty-six in 2008.

^{2/} The estimated Customs revenue loss for 2006 reflects the existing duty suspension under heading 9902.86.07 that expires on December 31, 2006.

Source of estimated dutiable import data: 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)		
Sumitomo Corporation of America (Proponent) Max Turnipseed, 225-338-0310	07/10/2006 07/11/2006 07/12/2006 07/13/2006	No	No	No
Bombardier Transportation North America Michele Martell, 518-566-0150 Fernand Martin, 450-441-3098 Oakley Brooks, 202-414-8989	07/13/2006 07/14/2006 07/18/2006 07/19/2006	Yes	Yes	Yes
Kawasaki Rail Car, Inc. 914-376-4700	07/13/2006	No	No	No

Technical comments:⁴ None.

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.

109TH CONGRESS
2D SESSION

S. 2987

To extend the temporary suspension of duty on railway car body shells of stainless steel designed for gallery type railway cars.

IN THE SENATE OF THE UNITED STATES

MAY 23, 2006

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

A BILL

To extend the temporary suspension of duty on railway car body shells of stainless steel designed for gallery type railway cars.

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. RAILWAY CAR BODY SHELLS OF STAINLESS**
4 **STEEL DESIGNED FOR GALLERY TYPE RAIL-**
5 **WAY CARS.**

6 (a) IN GENERAL.—Heading 9902.86.07 of the Har-
7 monized Tariff Schedule of the United States (relating to
8 railway car body shells of stainless steel designed for gal-
9 lery type railway cars) is amended by striking “12/31/
10 2006” and inserting “12/31/2009”.

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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