

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: September 18, 2006]²

Bill No. and sponsor: S. 3093 (Mr. Sam Brownback of Kansas).

Proponent name, location: Spirit AeroSystems, Inc., Wichita, KS.

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

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

Retroactive effect: None.

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

Milling machines each having a gantry, five axes of control and a universal workpiece holding fixture (provided for in subheading 8459.61.00).³

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 are milling machines each having a supporting gantry, five axes of control to accomplish work, and a universal workpiece holding fixture. The gantry's two legs straddle the bed of the machine, to which is affixed the universal workpiece holding fixture. The legs are connected by a bridge across which traverses a ram that moves the feedstock and spindle (the spindle is the motor that turns the cutting tool, such as an end mill bit for milling) into the workpiece. The gantry system provides the machine with added rigidity needed to work on large workpieces and with the capability to support cutting of the workpiece to close tolerances. The gantry is able to traverse the entire length of the bed of the machine to perform milling, as opposed to the workpiece moving to the cutting head. These machines are computer numerically controlled⁴ and have some form of automatic cutting tool change capability. The universal workpiece holding fixture is a series of adjustable poles with suction cups on the ends that hold the workpiece. The holding fixture can be easily adjusted to hold workpieces having different shapes and contours; thus, it can hold a wide variety of workpieces. The principal sources of U.S. imports are Spain, Germany, and Japan.

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://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.

³ The proponent did not provide information with which to develop a workable tariff description, but did provide the manufacturer and model numbers of the product. Based upon a variety of product descriptions found at the Internet site of the producer of the product (i.e., M. Torres at <http://www.mtorres.es>), we believe that the proposed description covers the product of interest to the proponent.

⁴ The CNC control system achieves fully automatic programmable positioning and feed rate control of the machine's axis movement relative to the workpiece, as well as automatic control of other functions.

Estimated effect on customs revenue:

HTS subheading: 8459.61.00					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	4.2%	4.2%	4.2%	4.2%	4.2%
Estimated value <i>dutiable</i> imports	\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000	\$8,500,000
Customs revenue loss	\$357,000	\$357,000	\$357,000	\$357,000	\$357,000

Source of estimated dutiable import data: Commission estimates based on industry information.

Contacts with domestic firms/organizations (including the proponent):

Name of firm/organization ^{1/}	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
Spirit AeroSystems, Inc. (Proponent) Dave Adams, 316-523-4312	07/24/2006	No	No	No
AMT–The Association for Mfg. Technology Pat McGibbon, 703-893-2900	07/24/2006	Yes	Yes	Yes
Boeing Co. Greg Dole, 703-465-3619	08/08/2006	No	No	No
Cincinnati Technologies Mark A. Logan, 859-534-4883	08/18/2006	Yes	Yes	Yes
Mazak USA Chuck Birkle, 859-342-1700	08/11/2006	No	No	No
Monarch Machine Tool Richard Clemens, 607-753-6001	08/24/2006	No	No	No
PaR Systems Dennis DesMarais, 651-286-1171	08/03/2006	No	No	No
Triumph Group, Inc. Jeffry Frisby, 336-766-9036	08/07/2006	No	No	No
Vought Aircraft Industries, Inc. Mick McKeown, 972-946-0749	08/07/2006	Yes	Yes	Yes

^{1/} The Commission did not contact Kingsbury Machine or Dalian (listed as Dah Lih), firms cited in the submission from the Association for Manufacturing Technology, because those companies' principal markets are in the automotive sector, not that for aircraft.

Technical comments:⁵

It is suggested that the proposed article description be modified as shown on page 1. The Commission recommends deleting “M. Torres,” which is the name of the company that manufactures the subject product. The specified HTS classification is different than that in the original bill, based upon the limited information provided by the proponent as to the purpose of the machine.⁶ The manufacturer of the machine apparently of interest to the proponent states in a brochure that the machine is designed to perform applications that include trimming and drilling of compound contoured fuselage panels, wing skins, composite structures, frames, stringers, honey comb components, and so forth. These parts are typically made of composite materials or aluminum; Customs may therefore suggest a different HTS classification if it considers the machine to be a multifunction machine. Machine tools that perform milling operations on materials such as composites are classified in HTS subheading 8465.92.00. With regard to the coverage of the bill, it should be noted that a provision for parts of this machine is not included.

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.

⁶ See U.S. Customs Service and Border Protection, *What Every Member of the Trade Community Should Know About: Machine Tools*, March 2006, pp. 27-28.

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August 15, 2006

Claudia Bridgeford
Trade Assistant
219 Dirksen Sentate Office Bldg
Washington, DC 20510

Dear Ms. Bridgeford:

I am writing you today to express concern over the possible passage of bill S. 3093. AMT - The Association For Manufacturing Technology is a trade association made up of American manufacturers of machine tools that would be adversely affected if this bill were to pass. We have identified 26 of our U.S. members who produce a product within HS 8459.61.00. I have included contact information for 5 of these companies which make a similar product as described in the bill in large quantities. These companies include Kingsbury Corporation, MAG Industrial Automation Systems, Mazak Corporation, Monarch Machine Tool, Inc., and Dah Lih.

Sincerely,



Patrick McGibbon
Vice President
Strategic Information and Research
The Association For Manufacturing Technology
(703) 827-5255
pmcgibbon@amtonline.org

cc: Dennis Fravel - ITC

Contacts

Kingsbury Corporation
80 Laurel Street
Keene, NH 03431-4207
(603) 352-5212

MAG Industrial Automation Systems
2200 Litton Lane
Hebron, KY 41048
(586) 566-2400

Mazak Corporation
PO Box 970
Florence, KY 41022
(859) 342-1700

Monarch Machine Tool, Inc.
PO Box 749
Cortland, NY 13045
(607) 753-6001

Dah Lih
1301 Eddy Avenue
Rockford, IL 61103
(815) 636-1200

August 15, 2006

Claudia Bridgeford
Trade Assistant
219 Dirksen Senate Office Bldg
Washington, DC 20510

Dear Ms. Bridgeford:

I am writing you today to express concern over the possible passage of bill S. 3093. AMT - The Association For Manufacturing Technology is a trade association made up of American manufacturers of machine tools that would be adversely affected if this bill were to pass. We have identified 26 of our U.S. members who produce a product within HS 8459.61.00. I have included contact information for 5 of these companies which make a similar product as described in the bill in large quantities. These companies include Kingsbury Corporation, MAG Industrial Automation Systems, Mazak Corporation, Monarch Machine Tool, Inc., and Dah Lih.

Sincerely,

A handwritten signature in black ink, appearing to read 'PMcGibbon', enclosed within a hand-drawn oval shape.

Patrick McGibbon
Vice President
Strategic Information and Research
The Association For Manufacturing Technology
(703) 827-5255
pmcgibbon@amtonline.org

cc: Dennis Fravel - ITC

August 23, 2006

Mr. Dennis Fravel
International Trade Analyst
U.S. International Trade Commission
500 E Street SW
Washington, DC 20436

Re: Proposed legislation suspending U.S. tariffs on imports of certain machine tools

Dear Mr. Fravel:

On behalf of Cincinnati Technologies I am advising you that we do object to the following proposed legislation identified in the Bills: S. 3090, 3091, 3092, 3093, 3094, and 3112.

We are U.S. based producers of equipment for these applications. Our manufacturing facilities are located in Hebron, KY, Fond du Lac, WI and Rockford, IL.

Should there be any questions, please don't hesitate to contact me at your convenience. My direct office phone is 859 534 4883 and my email is mark_logan@cinmach.com.

Sincerely,

Mark A. Logan
Cincinnati Technologies
Vice President Business Development & Marketing



Vice President, Washington
Operations

August 24, 2006

Letter No. C-72600/L6-056

Mr. Dennis Fravel
International Trade Analyst
U.S. International Trade Commission
500 E Street, SW
Washington, D.C. 20436

RE: Vought Aircraft Industries, Inc. View on Senate Bills Regarding Temporary Suspension Of Tariffs on Certain Products (S. 3085, 3086, 3087, 3088, 3090, 3091, 3092, 3093, 3094 and 3112)

Dear Mr. Fravel:

First, I want to thank you on behalf of Vought Aircraft Industries, Inc. for including us in your analysis of the above referenced bills. We also appreciate your patience in the preparation of our response.

This letter serves to inform you of Vought's opposition to this legislation. Our company opposes these bills because they appear to be carefully targeted legislation structured to provide a cost avoidance and thus, a competitive advantage, to specific Kansas aerostructures manufacturer(s). The inclusion of brand names and descriptions of certain pieces of equipment in these bills appear substantiate our position regarding this legislation.

We also believe that the prospective cost savings to the targeted company(ies) far exceeds the \$500,000 revenue loss estimate provided by the congressional sponsor and mentioned in your original request to us.

Vought has already purchased and installed one Brotje Automated Frame Riveter (Skin Fastening Machine AP1611) that includes the Upper Heads and Lower Rams for Skin Fastener Machines, as described in Senate Bills 3087 and 3085, respectively. In accordance with existing tariff schedules our tariff for this machine was 4.4% on the total value of the machine and 4.7% of the total value for the upper heads and lower rams (parts). Our tariffs and related fees on this one installation were over \$300,000. We have two additional machines on order (Skin Fastening Machines AP1618 and AP1619) that will arrive in 2007. Our tariffs for these machines are estimated at more than \$700,000. These two additional Brotje autoriveters are the only equipment subject to tariffs that Vought has ordered.



Vice President, Washington
Operations

Letter No. C-72600/L6-056
August 24, 2006
Page Two

Although passage of Bills 3087 and 3085 could result in a cost avoidance to Vought, we believe that the competitive disadvantage *for all other U.S. aerostructures manufacturers* created by the combined effect of this series of bills compromises the integrity of the free enterprise system within our industry.

In addition to the competitive issues this legislation would invoke, we also take issue with the proposed tariff suspension in terms of the significant loss of revenue it would allow. In light of the record-setting deficits our nation is now facing, it is difficult to justify such a loss for the benefit of a few private-sector companies. Based on our own experience in the procurement of this type of equipment from foreign manufacturers, our export specialists believe the total loss in income to the U.S. government could approach \$1 Billion.

The U.S. aerospace industry faces significant competitive challenges in the global marketplace. These challenges are the result of governmental participation and underwriting of the costs of doing business for aircraft manufacturers in Europe and the Far East. This involvement of public support in private industry creates an "uneven playing field" for American companies. We believe that it is in the best interest of the United States, and our domestic aircraft manufacturing industry, that we keep a "level playing field" among U.S. aerospace manufacturers.

On behalf of the management and employees of Vought Aircraft Industries, Inc., please accept our thanks for your diligent efforts in support of the United States Congress.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mick McKeown', written in a cursive style.

Mick McKeown, D.M.D.
Vice President, Washington Operations
Vought Aircraft Industries, Inc.

109TH CONGRESS
2D SESSION

S. 3093

To suspend temporarily the duty on M. Torres multi-axis routing machines with universal holding fixtures.

IN THE SENATE OF THE UNITED STATES

MAY 25, 2006

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

A BILL

To suspend temporarily the duty on M. Torres multi-axis routing machines with universal holding fixtures.

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. M. TORRES MULTI-AXIS ROUTING MACHINES**

4 **WITH UNIVERSAL HOLDING FIXTURES.**

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:

“	9902.84.59	M. Torres multi-axis routing machines with universal holding fixtures (provided for in subheading 8459.61.00)	Free	No change	No change	On or before 12/31/2009	”.
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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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