



## MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

### I. Background

Bill number:

Sponsor name:

Sponsor state:

#### Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

#### Note:

1. Access to an electronic copy of this memorandum is available at [http://www.usitc.gov/tariff\\_affairs/congress\\_reports/](http://www.usitc.gov/tariff_affairs/congress_reports/).
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

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

120 volt/60 Hz electrical transformers, each with dimensions of 86 mm by 71 mm by 91 mm, containing a layered and uncut round core with two balanced bobbins, the foregoing rated at 40 VA (provided for in subheading 8504.31.40).

Description above compared with bill as introduced:

- Same  
 Different (see Technical Comments section)

## III. Other product information, including uses/applications and source(s) of imports

Transformers increase or decrease voltage or change other electrical characteristics as electric energy moves from one alternating current circuit to another. These transformers are used in a home music system incorporating an FM/AM radio, a CD/MP3 CD player, and the capability to connect to portable music devices. The primary source of imports is China.

## IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	8504.31.40				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty (%)	6.6	6.6	6.6	6.6	6.6
Estimated value of <i>dutiable</i> imports (\$)	2,600,000	2,600,000	2,700,000	2,800,000	2,900,000
Customs revenue loss (\$)	171,600	171,600	178,200	184,800	191,400

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce  
 Provided by industry sources  
 Industry information  
 Commission estimates

Duty reduction notes:

- This bill is not a duty reduction  
 This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%)  Temporary rate (%)  Percentage point reduction (%)

## V. Technical comments

While not a continuation of a previous temporary duty suspension, two different duty suspension headings that expired on December 31, 2009 covered similar transformers that had a different size mounting bracket and a slightly different rating, and a heading in effect through 2012 covers a third transformer with different size and rating. If not under consideration for renewal, it would be helpful to amend either heading 9902.85.04 or 9902.85.06 to include the proposed characteristics and a new expiration date, rather than create yet another heading.

## VI. Continuation

If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.

## VII. Contacts with domestic firms/organizations

	# Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
1	Bose Corp. Stephen B. Whitaker (Interested entity)	202-734-8876	No	No	No
2	National Electrical Manufacturers Association (NEMA) Craig Updyke	703-841-3294	No	Yes	No
3	Northlake Engineering, Inc. Lorna Klein	262-857-9600	No	Yes	Yes
4	Electro Assemblies Corp. William L. Nettelhorst	847-498-6520	No	No	No
5	Custom Magnetics Kirti P. Shah	260-982-8508	Yes	Yes	Yes

## David, Andrew

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**From:** Updyke, Craig <Cra\_Updyke@nema.org>  
**Sent:** Wednesday, May 02, 2012 8:37 AM  
**To:** David, Andrew  
**Subject:** RE: Transformers, Temporary Duty Suspension

Andrew,

Thanks for your patience. I have surveyed our manufacturers on your questions re HR 2627. Our responses are included below.

1. *Do you have an interest in the proposed duty suspension legislation and, if so, do you support, oppose, or are you neutral to HR 2627?*

No we do not have a direct interest and are neutral on this subject.

2. *Is there U.S. manufacturing of the products described in the bill or a competing product? If so, could you provide the names of the firms that make these products?*

We do not know of any specifically but out of all the domestic suppliers there is bound to be several different companies that could do this.

3. *Are there imports of this product? If so, what countries are the major sources of imports for this product?*

Unknown.

4. *Do you have any relationship with Bose, the proponent of this bill?*

No.

I hope this meets your needs. Please let me know if need additional information or clarification.

Sincerely,

Craig Updyke  
NEMA  
703 841 3294

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**From:** Updyke, Craig  
**Sent:** Friday, April 13, 2012 4:37 PM  
**To:** [Andrew.David@usitc.gov](mailto:Andrew.David@usitc.gov)  
**Cc:** Updyke, Craig  
**Subject:** Re: Transformers, Temporary Duty Suspension

Andrew,

Thanks very much for your message. I can only answer your first question at this point: Yes, I believe we have an interest although the size/voltage of the product may be outside of our scope. I will have to survey our member companies next week and get back to you.

Thanks,

Craig Updyke  
NEMA

## David, Andrew

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**From:** Lorna Klein <LKlein@northlake-eng.com>  
**Sent:** Friday, April 13, 2012 12:12 PM  
**To:** David, Andrew  
**Subject:** RE: Transformers, Temporary Duty Suspension  
**Attachments:** RE: ITC review S. 2324; RE: U.S. International Trade Commission Information Request

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Andy,

Please see the attached history on similar (though basically the same) legislation. Our position regarding this matter remains unchanged.

Lorna Klein  
Northlake Engineering, Inc.  
262-857-9600

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**From:** [Andrew.David@usitc.gov](mailto:Andrew.David@usitc.gov) [<mailto:Andrew.David@usitc.gov>]  
**Sent:** Friday, April 13, 2012 9:55 AM  
**To:** Lorna Klein  
**Subject:** FW: Transformers, Temporary Duty Suspension

Ms. Klein:

I am with the U.S. International Trade Commission (the Commission), an independent agency in the U.S. Government, which, among other things, provides advice to the President and Congress on all matters of international trade. I am writing to request your input on Congressional legislation related to 120 volt/60Hz transformers.

I have included a link below for your review of the proposed legislation, H.R. 2627, that provides, through Dec. 31, 2014, for a temporary duty suspension on 120 volt/60 Hz electrical transformers, each with dimensions of 86 mm by 71 mm by 91 mm, containing a layered and uncut round core with two balanced bobbins, the foregoing rated at 40VA (provided for in subheading 8504.31.40):

<http://www.gpo.gov/fdsys/pkg/BILLS-112hr2627ih/pdf/BILLS-112hr2627ih.pdf>

The Commission prepares reports on legislation concerning duty suspensions for the Ways and Means and Senate Finance Committees. As a part of this process, the Commission attempts to identify and contact domestic firms and associations that may have an interest in the subject legislation. Please note that H.R. 2627 would temporarily suspend the 6.6 percent ad valorem tariff rates for the imported subject articles covered in this bill.

We would appreciate it very much if you could please advise us in regard to:

1. Do you have an interest in the proposed duty suspension legislation and, if so, do you support, oppose, or are you neutral to HR 2627?
2. Do you make the product described in the bills or a competing product? Is there other U.S. manufacturing of the products described in the bills or a competing product? If so, could you provide the names of the firms that make these products?
3. Do you import the products described in this bill? If so, what countries are the major sources of imports for this product?
4. Will you benefit from this bill? If so, can you provide me an estimate of the value of imports that will benefit from this bill in each of the next five years? And, if so, do you have any relationship with Bose, the proponent of this bill?

## David, Andrew

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**From:** Andrew.David@usitc.gov  
**Sent:** Sunday, November 22, 2009 1:51 PM  
**To:** Lorna Klein  
**Subject:** RE: ITC review S. 2324

Thank you for your response. I will include this in our report.

Andy

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**From:** Lorna Klein [<mailto:LKlein@northlake-eng.com>]  
**Sent:** Thursday, November 19, 2009 5:33 PM  
**To:** David, Andrew  
**Subject:** RE: ITC review S. 2324

Though this R-core type of transformer is not one that we here at Northlake Engineering would build, we believe that domestic manufacturers of this type of transformer exist. Therefore, we respectfully oppose duty suspension legislation.

Best Regards,  
Lorna Klein  
Business Development Manager  
[lklein@northlake-eng.com](mailto:lklein@northlake-eng.com)

Northlake Engineering, Inc  
8320 193rd Ave  
Bristol, WI 53104-0370  
Phone: 262.857.9600 Ext. 104  
Fax: 262.857.6819  
[www.northlake-eng.com](http://www.northlake-eng.com)

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**From:** [Andrew.David@usitc.gov](mailto:Andrew.David@usitc.gov) [<mailto:Andrew.David@usitc.gov>]  
**Sent:** Monday, November 16, 2009 4:56 PM  
**To:** Lorna Klein  
**Subject:** ITC review S. 2324

I am with the U.S. International Trade Commission, an independent agency in the U.S. Government, which, among other things, provides advice to the President and Congress on all matters of international trade. I am writing to request your input on Congressional legislation related to 120 volt/60Hz transformers.

I have included links below for your review of the proposed legislation, S. 2324, that provides, through Dec. 31, 2011, for a temporary duty suspension on "120 volt/60 Hz electrical transformers, each with dimensions of 86 mm by 71 mm by 91 mm, containing a layered and uncut round core with two balanced bobbins, the foregoing rated at 40VA (provided for in subheading 8504.31.40)."

[http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111\\_cong\\_bills&docid=f:s2324is.txt.pdf](http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:s2324is.txt.pdf)

<http://finance.senate.gov/sitepages/split%20pdf/2324%20-%20Kerry.pdf>

<http://finance.senate.gov/sitepages/split%20pdf/2324%20-%20Kerry.pdf>

## David, Andrew

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**From:** Karen.Taylor@usitc.gov  
**Sent:** Tuesday, December 01, 2009 12:03 PM  
**To:** Lorna Klein  
**Subject:** RE: U.S. International Trade Commission Information Request

Thank you very much – the information is very helpful.

Karen Taylor  
International Trade Analyst  
U.S. International Trade Commission  
500 E Street, SW  
Washington, DC 20436  
202-708-4101 [Karen.Taylor@usitc.gov](mailto:Karen.Taylor@usitc.gov)

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**From:** Lorna Klein [<mailto:LKlein@northlake-eng.com>]  
**Sent:** Tuesday, December 01, 2009 12:02 PM  
**To:** Taylor, Karen  
**Subject:** RE: U.S. International Trade Commission Information Request

Karen,

Here are a few US companies that have the capability to produce R-core transformers:

Custom Magnetics, Inc  
<http://www.custommag.com/products/r-core.shtml>

Electro Assemblies Corp  
<http://electroassemblies.com/index.htm>

Lenco  
[http://www.lenco-elect.com/r\\_core\\_transformers.htm](http://www.lenco-elect.com/r_core_transformers.htm)

Though I can't be certain, the possibility exists—or perhaps I should say it's very likely—that actual manufacturing of said xfmrs is accomplished by offshore production facilities—India and/or China—owned by or partnered with these US companies.

Best Regards,  
Lorna Klein  
Business Development Manager  
[lklein@northlake-eng.com](mailto:lklein@northlake-eng.com)

Northlake Engineering, Inc  
8320 193rd Ave  
Bristol, WI 53104-0370  
Phone: 262.857.9600 Ext. 104  
Fax: 262.857.6819  
[www.northlake-eng.com](http://www.northlake-eng.com)

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UNITED STATES INTERNATIONAL TRADE COMMISSION

April 26, 2012

**TO:** Kirti P. Shah, Custom Magnetics, (260) 982-4942  
**FROM:** Andrew David  
**SUBJECT:** Temporary duty suspension on 120 volt/60 Hz electrical transformers

I am with the U.S. International Trade Commission (the Commission), an independent agency in the U.S. Government, which, among other things, provides advice to the President and Congress on all matters of international trade. I am writing to request your input on Congressional legislation related to 120 volt/60Hz transformers.

I have included a copy of the proposed legislation, H.R. 2627, that provides, through Dec. 31, 2014, for a temporary duty suspension on 120 volt/60 Hz electrical transformers, each with dimensions of 86 mm by 71 mm by 91 mm, containing a layered and uncut round core with two balanced bobbins, the foregoing rated at 40VA.

The Commission prepares reports on legislation concerning duty suspensions for the Ways and Means and Senate Finance Committees. As a part of this process, the Commission attempts to identify and contact domestic firms and associations that may have an interest in the subject legislation. Please note that H.R. 2627 would temporarily suspend the 6.6 percent ad valorem tariff rates for the imported subject articles covered in this bill.

We would appreciate it very much if you could please advise us in regard to:

- Do you have an interest in the proposed duty suspension legislation and, if so, do you support, oppose, or are you neutral to HR 2627? *OPPOSE*
- Do you make the product described in the bills or a competing product? Is there other U.S. manufacturing of the products described in the bills or a competing product? If so, could you provide the names of the firms that make these products? *CMI & LEVLO*
- Do you import the products described in this bill? If so, what countries are the major sources of imports for this product? *NO - JUST ~~THE~~ SOME RAW MATERIALS - INDIA*
- Will you benefit from this bill? If so, can you provide me an estimate of the value of imports that will benefit from this bill in each of the next five years? And, if so, do you have any relationship with Bose, the proponent of this bill? *NO - IT WOULD HURT OUR ABILITY TO COMPETE.*

If you are opposed to the bill please submit comments to the House Ways and Means Committee (see <http://waysandmeans.house.gov/mtb/>) and send me a copy of the submission.

Please provide me with any input on this legislation by Monday, May 7. I can be reached by phone at (202) 205-3368, by e-mail at [andrew.david@usitc.gov](mailto:andrew.david@usitc.gov), by fax at (202) 205-2018, or by mail at US International Trade Commission, 500 E Street, SW, Washington, DC 20436. Thank you for your time.

Sincerely,

Andrew David

*HR 2627 Should not be allowed to pass. A. Shah 5/6/12*



Apr. 26. 2012 9:17AM ITC

No. 0414 P. 2

1

112TH CONGRESS  
1ST SESSION

# H. R. 2627

To suspend temporarily the duty certain electrical transformers rated at 40VA

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## IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2011

Mr. MARKEY (for himself and Mr. MCGOVERN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To suspend temporarily the duty certain electrical transformers rated at 40VA.

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 ELECTRICAL TRANSFORMERS RATED**  
4 **AT 40VA.**

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:

*We oppose this Bill. K. Shel. Custom's Management Inc.*  
*Every year you bring up the same bill*  
*and my answer is the same when will you*  
*get the message!*

Apr. 26. 2012 9:17AM ITC

No. 0414 P. 3

2

"	9908.01.00	120 volt/60 Hz electrical transformers, each with dimensions of 86 mm by 71 mm by 81 mm, containing a layered and wound round core with two balanced bobbins, the foregoing rated at 40VA (provided for in subheading 8804.31.40) .....	Free	No change	No change	On or before 12/31/2014	"
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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.

○

112TH CONGRESS  
1ST SESSION

# H. R. 2627

To suspend temporarily the duty certain electrical transformers rated at  
40VA.

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IN THE HOUSE OF REPRESENTATIVES

JULY 22, 2011

Mr. MARKEY (for himself and Mr. MCGOVERN) introduced the following bill;  
which was referred to the Committee on Ways and Means

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## A BILL

To suspend temporarily the duty certain electrical  
transformers rated at 40VA.

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 ELECTRICAL TRANSFORMERS RATED**

4 **AT 40VA.**

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:

“	9902.01.00	120 volt/60 Hz electrical transformers, each with dimensions of 86 mm by 71 mm by 91 mm, containing a layered and uncut round core with two balanced bobbins, the foregoing rated at 40VA (provided for in subheading 8504.31.40) .....	Free	No change	No change	On or before 12/31/2014	”.
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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.

○