

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

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

[Date approved: April 20, 2006]²

Bill No. and sponsor: H.R. 2539 (Mr. J.D. Hayworth of Arizona).

Proponent name, location: Honeywell, Phoenix, AZ.

Other bills on product (109th Congress only): H.R. 2540.³

Nature of bill: Extension of existing temporary duty suspension through December 31, 2010.⁴

Retroactive effect: None.

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

No change in the article description of heading 9902.85.42 is suggested:

Cathode-ray data/graphic display tubes, color, with a less than 90 degree deflection (provided for in subheading 8540.60.00)

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 of imports:

The subject color cathode-ray tubes (CRTs) are electron tubes used to display both data and graphic information. These tubes are similar in construction to television picture tubes. The color display is produced by beams of electrons generated by an electron gun and magnetically deflected to scan the inside faceplate of the tube. Light is created by the electron bombardment of red, blue, and green phosphor dot trios or phosphor stripes alternately located on the inside of the faceplate. The spacing of the center of the dot trios in these tubes is greater than 0.4 mm, thus producing an image with lower resolution compared with those classified elsewhere in the HTS. These tubes are principally employed by the proponent in the construction of radio and radar monitoring display units for aircraft cockpits. The proponent indicates that all of these tubes will be sourced from Japan.

¹ Industry analyst preparing report: John Kitzmiller (202-205-3387); Tariff Affairs contact: Janis Summers (202-205-2605).

² An electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.

³ H.R. 2540 covers data/graphic color display tubes with a phosphor dot screen pitch smaller than 0.4 mm, which are classified in HTS subheading 8540.40.00.

⁴ The subject product is eligible for duty-free entry under heading 9902.85.42 through December 31, 2006.

Estimated effect on customs revenue:

| HTS subheading: 8540.60.00 | | | | | |
|---|-------------|-------------|-------------|-------------|-----------|
| | 2005 | 2006 | 2007 | 2008 | 2009 |
| Col. 1-General rate of duty | 3% | 3% | 3% | 3% | 3% |
| Estimated value <i>dutiable</i> imports | \$2,000,000 | \$1,500,000 | \$1,500,000 | \$1,000,000 | \$500,000 |
| Customs revenue loss ^{1/} | \$60,000 | \$45,000 | \$45,000 | \$30,000 | \$15,000 |

^{1/} The revenue loss data for 2005-2006 reflect the existing duty suspension under heading 9902.85.42 through December 31, 2006.

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

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

| Name of firm/organization | Date contacted | US production of same or competitive product claimed? | Submission attached? | Opposition noted? |
|---|----------------|---|----------------------|-------------------|
| | | (Yes/No) | | |
| Honeywell International Inc. (Proponent) Mr. Arthur J. Simonetti, 202-662-2671 | 8/31/2005 | No | No | No |
| Aerospace Industries Assoc. Mr. Jonathan Etherton, 703-358-1070 | 9/02/2005 | No | No | No |
| Clinton Electronics Mr. Gary Clinton, 815-633-1444 | 9/08/2005 | No | No | No |
| Lexel Imaging Systems Mr. Bill Frohoff, 859-243-5500 | 9/20/2005 | No | No | No |
| Matsushita (Panasonic) Corp. Ms. Mary Alexander, 202-912-3800 | 9/02/2005 | No | No | No |
| L.G. Philips LCD Co. Mr. Bob Skelly, 734-996-9400, ext. 3008 | 9/02/2005 | No | No | No |
| Raytheon Co. Mr. Christopher Lombardi, 703-841-5721 | 9/02/2005 | No | No | No |
| Rockwell Collins, Inc. Ms. Linda Sadler, 703-516-8225 | 9/02/2005 | No | No | No |
| Sony Electronics, Inc. Ms. Christina Tellalian, 202-429-3653 | 9/01/2005 | No | No | No |
| Thomas Electronics Mr. Dave Ketchum, 973-696-5200 | 9/02/2005 | No | Yes | No |

| | | | | |
|--|-----------|----|----|----|
| Visual Display Corp. Mr. Ron Ordway, 770-938-2080 | 9/21/2005 | No | No | No |
|--|-----------|----|----|----|

Technical comments:⁵ None.

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.

Thomas Electronics, E-mail, September 8, 2005

-----Original Message-----

From: Dave Ketchum [mailto:davek@thomaselectronics.com]
Sent: Thursday, September 08, 2005 4:53 PM
To: Fan, Queena
Subject: RE: Temporary duty suspension bills (renewal)--HR 2539 and HR 2540

Good afternoon,

I have reviewed the renewal of the tariff suspension bills as detailed below.

Thanks for the opportunity to comment. It is deeply appreciated.

For background:

Thomas Electronics (incorporated in 1948) is the largest US based manufacturer of special purpose cathode ray tubes (CRTs). This is a niche business with avionics being the largest among many diverse applications.

1. Re: HTS 8540.40.60 (9902.85.41): We support the continued suspension and would encourage its expansion to all items in the 8540.40.00 Heading. We do not produce these types of CRTS (high resolution color) and to our knowledge there is no domestic (US) manufacturer. We do not import the size covered by 8540.40.60 and therefore we do not directly benefit from the existing and proposed continued suspension. We do import the sizes covered by 8540.40.20 (smaller <30 cm) and have been paying the applicable 3% duty. I would propose that the same rationale that is used to justify the current suspension could be applied here.

2. Re: HTS 8540.60.00 (9902.85.42): I am a little confused by an apparent difference in the Article Description between the 8540.60.00, "Other cathode ray tubes" and 9902.85.42, "Cathode-ray data/graphic display tubes, color...". If the suspension applies only to the color types specified in the 9902.85.42 and is not more broadly applied to 8540.60.00 "Other cathode ray tubes" which could be interpreted to include the monochrome special purpose CRTs we produce, we support the continued duty suspension. If however special purpose monochrome types are afforded the duty free status we would object to the continuation on the basis our European competitors (UK and Germany) for these types are protected by a 2.6% duty in the EU countries. We ask only for a "level" playing field to assure a equal opportunity to compete. Some of our products are critical to National Defense and it would be counter-productive to undermine our competitiveness by allowing our competitors protection in their home market and denying us at least equal protection in ours.

I welcome the opportunity to be of further assistance.

Best Regards,
David Ketchum
President
Thomas Electronics
100 Riverview Drive
Wayne, New Jersey USA 07470

109TH CONGRESS
1ST SESSION

H. R. 2539

To extend the temporary suspension of duty on certain cathode-ray tubes.

IN THE HOUSE OF REPRESENTATIVES

MAY 23, 2005

Mr. HAYWORTH introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To extend the temporary suspension of duty on certain
cathode-ray tubes.

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 CATHODE-RAY TUBES.**

4 (a) **IN GENERAL.**—Heading 9902.85.42 of the Har-
5 monized Tariff Schedule of the United States (relating to
6 certain cathode-ray tubes) is amended by striking “12/31/
7 2006” and inserting “12/31/2010”.

8 (b) **EFFECTIVE DATE.**—The amendment made by
9 subsection (a) applies to goods entered, or withdrawn from

- 1 warehouse for consumption, on or after the 15th day after
- 2 the date of enactment of this Act.

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