

Eliminate the Import Tariffs for Nuclear Power Plant Technology

Present Law

Present law imposes import duties on nuclear steam generators (Harmonized Tariff Schedule (“HTS”) 8402.11.00) and reactor vessel heads and pressurizers (HTS 8401.40.00). The tariff rates are 5.2% for steam generators and 3.3% for vessel heads and pressurizers.

Recognizing that there is no domestic manufacturing capability for nuclear steam generators or reactor vessel heads, Congress has since 2001 enacted a series of tariff suspensions. In 2004, Congress extended the tariff exemption for steam generators through 2008 and created a new exemption for reactor vessel heads imported through 2008 (see HTS 9902.84.02, 9902.84.03). In 2006, Congress amended the tariff suspension legislation to cover delivery of reactor vessel heads imported by December 31, 2010, if pursuant to a contract executed by July 31, 2006.

Reasons for Change

Nuclear steam generators and vessel heads are no longer manufactured in the United States. The last generation of nuclear power plants built in the United States was built in the 1980s. The last nuclear power plant built in the United States was placed in service in 1992. Westinghouse, the last United States manufacturer, closed its plant in Florida in November 1999. Since 2000, only six companies have produced nuclear steam generators or reactor vessel heads, and all of them are outside the United States: Ensa (Spain), Ansaldo (Italy), Babcock & Wilcox (Canada), Framatome (France), HANJUNG (Korea) and Mitsubishi (Japan). The prospect of a production facility being located in the United States is extremely remote.

Because there is currently no domestic production and there is no likelihood of future domestic production of nuclear steam generators, vessel heads, or other key nuclear facility components, there is no policy rationale for continued imposition of these duties. The tariffs are passed through to consumers through utility ratemaking proceedings and, as a hidden tax, serve only to increase electricity costs for domestic residential, commercial, and industrial users of electricity. This hidden tax is imposed only on nuclear power generation, the only large-scale power source producing no smokestack emissions or greenhouse gases.

Proposal

The proposal would suspend tariffs on steam generators, reactor vessel heads, and other key components used in nuclear facilities imported after December 31, 2008, and on or before December 31, 2020, if the contract for the purchase of the component was entered into on or before December 31, 2010.

If you have any questions or wish to discuss this further, please call:

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Sec. __. **COMPONENTS USED IN NUCLEAR FACILITIES.**

(a) COMPONENTS OF NUCLEAR FACILITIES- Heading 9902.84.02 of the Harmonized Tariff Schedule of the United States is amended to read as follows:

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9902.84.02		Components for use in nuclear facilities entered after 12/31/2008 and on or before 12/31/2020 if the contract for the purchase of the component was entered into on or before December 31, 2010:				
	10	Watertube boilers with a steam production exceeding 45t per hour (provided for in subheading 8402.11.00)	Free	No change	No change	On or before 12/31/2020
	15	Reactor vessels (including reactor vessel heads) (provided for in subheading 8401.10.00 or 8401.40.00)	Free	No change	No change	On or before 12/31/2020
	20	Pressurizers (whether or not including heaters) (provided for in subheading 8401.40.00)	Free	No change	No change	On or before 12/31/2020
	25	Reactor coolant system loop pipe and cold legs (provided for in subheading 8401.40.00)	Free	No change	No change	On or before 12/31/2020
	30	Heat exchanger (provided for in subheading 8402.90.0010 or 8402.11.00)	Free	No change	No change	On or before 12/31/2020
	35	Main stepup transformer (provided for in subheading 8504.23.00.80)	Free	No change	No change	On or before 12/31/2020
	40	Steam turbine (whether or not part of a generator set) (provided for in subheading 8406.81.1070)	Free	No change	No change	On or before 12/31/2020
	45	Main generator (whether or not part of a generator set) (provided for in subheading 8501.64.0050)	Free	No change	No change	On or before 12/31/2020
	50	Turbine condenser (provided for in subheading 8404.20.0000)	Free	No change	No change	On or before 12/31/2020
	55	Moisture separator reheater (provided for in subheading 8402.90.0090)	Free	No change	No change	On or before 12/31/2020

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(b) EFFECTIVE DATE- The amendment made by subsection (a) shall take effect on the date of enactment of this Act.