

Statement of Honeywell International Inc.

**on
H.R. 4195**

**A Bill to Suspend Temporarily the U.S. Duty on
Certain Custom Designed Automotive Magnets**

**As Provided for in 8505.11.0000
of the
Harmonized Tariff Schedule of the United States**

**before the
Committee on Ways and Means
U.S. House of Representatives**

June 7, 2002

Honeywell International Inc. (Honeywell) appreciates the opportunity to comment on H.R. 4195, introduced by Representative Donald Manzullo of Illinois. This measure provides for the temporary suspension of the U.S. import duty on certain custom designed automotive magnets, classified under 8505.11.00 of the Harmonized Tariff Schedule of the United States (HTSUS).

Granting a suspension of the duty on the product subject to this legislation is justified and appropriate. To our knowledge there is no U.S. commercial production of the exact product in question. For this reason passage of H.R. 4195, while having a positive impact on the competitiveness of Honeywell and its U.S. customers, would not have a detrimental effect on a U.S. industry.

Description of Honeywell

Honeywell is a US\$24-billion diversified technology and manufacturing leader, serving customers worldwide with aerospace products and services; control technologies for buildings, homes and industry; automotive products; specialty chemicals; fibers; plastics; and electronic and advanced materials. Honeywell employs approximately 115,000 people in 95 countries and is traded on the New York Stock Exchange under the symbol HON, as well as on the London, Chicago and Pacific stock exchanges. It is one of the 30 stocks that make up the Dow Jones Industrial Average and is also a component of the Standard & Poor's 500 Index. Additional information on the company is available on the Internet at www.honeywell.com.

Description of the Product and Its Uses

The custom designed automotive magnets addressed in this legislation are incorporated into sensors manufactured by Honeywell in the United States and used in fuel management controls and various other electronic sensor functions in the automotive industry.

Suspending the Duty on the Subject Products is Warranted

There is no U.S. commercial production of the custom designed magnets on which suspension of duty is being sought. Additionally, there are no domestically manufactured magnets that can be readily substituted for the components subject to this legislation. These magnets are custom designed parts manufactured for and supplied to Honeywell. As such, they possess unique formulations to meet our specific design and performance requirements. As Honeywell paid for

tooling and development costs associated with customizing these magnets, and because these products are custom-designed based on an agreement between Honeywell and its suppliers, we know of no one in the United States that readily provides these parts today.

It is always conceivable that with additional money, effort and retooling, there could possibly be US companies that at some point in the future may be able to meet our requirements. However, no US manufacturer is today freely offering the same magnets for sale under standard commercial terms. Although there are US manufacturers of magnetic products, each manufacturer formulates their own custom materials from similar base ingredients. The magnets Honeywell purchases are highly specialized custom parts in both design and material properties to meet the exacting standards of the automotive industry end applications into which they feed. In some cases these magnets are integral components of patented sensors and therefore are highly proprietary.

Further, based on import projections for this product for the period covered by H.R. 4195, this legislation also complies with the Committee's "no-cost" requirement.

Summary

To Honeywell's knowledge there is no U.S. commercial production of the exact product in question. This legislation also meets the Committee's "no cost" criterion. For these reasons passage of H.R. 4195, while having a positive impact on the competitiveness of Honeywell and its U.S. customers, would not have a detrimental effect on a U.S. industry. Granting a suspension of the duty on the product subject to this legislation is justified and appropriate.