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The Honorable Charles E. Grassley  
Chairman  
Senate Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, D.C. 20510-6200



July 19, 2006

Re: Support for S. 2692, Tariff Suspension for Certain Microphones

Dear Senator Grassley:

On behalf of Johnson Controls, Inc. ("JCI"), I am writing concerning S. 2692, sponsored by Senators Levin and DeWine, which would suspend tariffs on certain microphones. Specifically, S. 2692 would suspend temporarily the duty on unidirectional (cardioid) electret condenser microphone modules for use in motor vehicles. Parallel legislation was passed by the House in Section 1127 of H.R. 4944 on March 15, 2006.

The House carefully considered the revenue impact of the tariff suspension. The impact is well under the \$500,000 threshold. JCI has looked into industry projections through 2010 and the revenue impact continues to be under the \$500,000 threshold. Updated industry estimates are attached.

JCI is very familiar with this product and does not believe any U.S. company produces these microphones.

Passage of S. 2692 would be in the public interest because it would have a positive impact on U.S. manufacturing. The automotive industry is under severe pressure from foreign competition. By reducing the cost for an input, the bill would increase the competitiveness of U.S. manufacturing operations using the input. This, in turn, would help make U.S. manufacturing operations be more competitive compared to foreign operations (that do not pay these input duties). While the legislation's impact is small, every measure that supports U.S. manufacturing is important to the U.S. automotive industry.

We appreciate your consideration of this letter. If you have any questions, please let me know.

Sincerely,

Mark F. Wagner  
Vice President, Government Relations

Attachment

Industry Estimate of Microphone Imports Subject to Tariff Suspension  
Under S. 2692  
2006-2010

Year	Total Value (millions)	Microphones Tariff	Estimated Revenue Loss
2006	\$6.0	4.9%	\$294,000
2007	\$4.5	4.9%	\$220,500
2008	\$1.5	4.9%	\$73,500
2009	\$1.0	4.9%	\$49,000
2010	\$1.0	4.9%	\$49,000

Notes: The estimates are based on current information. Projections in later years are less reliable than current estimates. The projections will vary as automotive producers set production criteria for new model vehicles.