



July 7, 2022

Jason E. Kearns
Chair, U.S. International Trade Commission
500 E Street, SW
Washington, D.C. 20436

RE: Economic Impact of Section 232 and 301 Tariffs on U.S. Industries, Investigation No. 332-591

Dear Chairman Kearns:

The American Chemistry Council (ACC), a diverse set of more than 190 U.S. companies engaged in the business of chemistry, respectfully submits this prehearing statement to include in the public record of Investigation No. 332-591, *Economic Impact of Section 232 and 301 Tariffs on U.S. Industries*. We commend the House and Senate Committees on Appropriations for directing this investigation and appreciate the Commission commencing it without delay.

By way of background, ACC and its member companies work to help solve some of the biggest challenges facing our nation and our world, and we are committed to fostering progress in our economy, environment, and society.

The business of chemistry:

- Drives innovations that enable a more sustainable future.
- Provides 529,000 skilled good paying jobs—plus over 3.6 million related jobs—that support families and communities.
- Enhances safety through our diverse set of products and investments in R&D.

Every year, the U.S. chemicals industry invests billions of dollars to help make the products that make modern living possible and safer for our communities and the environment. Chemistry makes it possible to meet the needs of a growing population. Our products help protect our food supply, air, and water; make living conditions safer; and help provide access to efficient and affordable energy sources and lifesaving medical treatments in the United States and around the globe. To enable these ongoing innovations, we advocate for policies that support the creation of groundbreaking products to improve lives, help protect our environment, and enhance the economic vitality of communities

Since tariffs on U.S. imports of chemical and plastic products were first imposed under section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862) and section 301 of the Trade Act of 1974 (19 U.S.C. 2232) in 2018, ACC companies have been concerned that such tariffs would

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have a negative economic impact on U.S. companies, workers, and consumers involved in the business of chemistry. There was hope, however, that such impacts would only be temporary, and we listened to those who expressed that such tariffs might leverage the U.S. negotiating position with China on issues which are a concern to U.S. chemical companies.

Unfortunately, we have found that these impacts have been longer-lasting and more detrimental than expected and have done little to change China's behavior. While there have been some product exclusions, **U.S. chemical manufacturers have paid \$8.5 billion in tariffs between the June 2018 (when the duties were first imposed) and December 2021.** Because many of the chemicals and plastic products that are taxed are essential intermediate inputs to U.S. manufacturing that cannot be found or produced anywhere else, many U.S. chemical companies paid the tariffs and consumers ultimately felt the full effects of such tariffs in the form of higher prices. Such prices have increased the cost of doing business in the United States. **Moreover, while the U.S. chemistry industry was one of the hardest hit by these tariffs, aggregate U.S. imports from China actually *increased*** according to an [analysis](#) by Trade Partnership Worldwide and commissioned by ACC, further undermining any rationale for the continuation of these tariffs on chemical products or intermediate materials.

These tariffs have created uncertainty and have negatively impacted U.S. chemistry companies' ability to invest in their companies to innovate new products, hire more American workers, and remain competitive globally. Such tariffs have not only disrupted the U.S. chemical industry's supply chains and business operations but have also undermined U.S. Administration and Government objectives to make our supply chains more resilient, strengthen and build our infrastructure, and cultivate policies that promote American economic competitiveness. That's because these impacts have been passed on to the downstream industries that use chemicals and that are the focus of revitalization or rebuilding efforts, such as semiconductors, automotive goods, and aerospace. Chemistry touches many facets of the Biden Administration's February 24 Executive Order on America's Supply Chains and other Administration and Government initiatives on Supply Chain Resiliency and Security. Many of our members are finding it increasingly difficult to meet the objectives of these initiatives while these tariffs remain in place.

We hope the Commission's investigation will reach similar conclusions and are happy to share more details about our analysis and our experience with these tariffs to help the Commission's analysis on the impact of these tariffs on U.S. trade, production, and prices.

We look forward to participating in additional steps of this process and in the Commission's findings.

Sincerely,



Jason Bernstein
Director, Global Affairs
American Chemistry Council

