



July 27, 2018

Section 301 Committee
U.S. International Trade Commission (US ITC)
500 E Street SW
Washington, D.C. 20436
Docket No. USTR-2018-0026

RE: Summary of Expected Testimony for Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

Thank you, Section 301 Committee, for the opportunity to testify regarding the proposed additional 10 percent ad valorem duty on products of China with an annual trade value of approximately \$200 billion.

The Society of Chemical Manufacturers & Affiliates (SOCMA) is the only U.S.-based trade association solely dedicated to the specialty and fine chemical industry. SOCMA members play an indispensable role in the global chemical supply chain, providing specialty chemicals to companies in markets ranging from aerospace and electronics to pharmaceuticals and agriculture.

SOCMA is exceptionally concerned that the proposed additional duty of 10 percent on listed products from China will have a negative effect on US chemical manufacturing. The proposed list essentially includes all of the individual 8-digit categories in chapters 28, 29, 32 and 38 (including 3808), except various items that were eliminated from the first tranche of 25 percent tariffs on \$34 billion worth of Chinese goods that is currently in effect. Therefore, SOCMA's testimony will predominantly focus on HTSUS subheadings in these chapters.

For example, potential HTSUS subheadings to be covered in testimony include, but are not limited to,

- 2811.19.61
- 2833.21.00
- 2841.80.00
- 2907.19.80
- 2907.21.00
- 2914.69.90
- 2914.79.40
- 2914.69.60

- 2918.19.90
- 2918.29.25
- 2918.30.90
- 2921.41.10
- 2921.59.80
- 2922.29.06
- 2925.19.91
- 2933.69.60
- 3204.17.60
- 3204.17.90
- 3206.11.00
- 3206.49.60
- 3212.90.00
- 3806.10.00
- 3806.30.00
- 3824.99.92

SOCMA agrees that Chinese policies restrict U.S. commerce. Nevertheless, SOCMA favors resolution through negotiation before imposing broad based tariffs.

U.S. specialty and fine chemical manufacturing and its numerous downstream industries will bear a disproportionately undue burden if products in the above-mentioned chapters are tariffed. Specialty chemical supply chain modification is exceedingly difficult because specialty chemicals have purity and performance demands that require particularized expertise and infrastructure to manufacture. Therefore, alternative sources are finite. SOCMA intends to elaborate on examples of this reality as applied to various sectors and downstream products that are vital to society's well-being.

If the modified 301 list is implemented, before such implementation, SOCMA again urges USTR to work with USITC and US Customs, to identify the individual chemical products contained in many of the listed basket-categories, and then reach out to the consumers of such products to be sure that there are reasonable alternatives to China. It is a very difficult task, especially for many of the smaller companies that SOCMA represents, to cross-reference HTS numbers on the modified 301 list with chemicals that companies are purchasing.

Thank you again for the opportunity to testify regarding this critically consequential proposed action.

Respectfully submitted,

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