



A Timely Outlook on
Evolving Dynamics in
China & the EU

Tuesday, November 15, 2022
3:30pm – 4:30pm

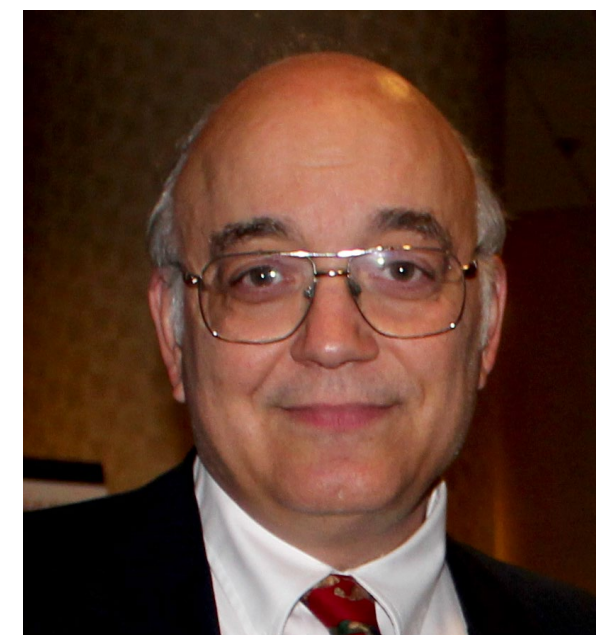
Speakers



LiHong Yu
PHT International



Ken Zriebec
Veranova



Jim DeLisi
Fanwood Chemical

Reminder: Antitrust Policy

This meeting will be conducted in accordance with SOCMA's antitrust compliance policy. Competitive terms of business are voluntary and unilateral business decisions of each company and are not to be collectively discussed or agreed upon by SOCMA members or attendees. At this or any other meeting or social gathering do not discuss or exchange information regarding the following subjects:

- Prices (present or future) or other terms and conditions of sale
- Costs, production, markets, capacity, inventory or sales, or plans regarding design, production, distribution, or marketing of specific products.
- Bids or contracts for particular products.
- Territorial restrictions, allocations of customers, restrictions on types of products, or any other kind of market division.
- Matters relating to actual or potential customers or suppliers that might have the effect of excluding them from any market or of influencing the business conduct of any company towards such customers or suppliers.

If any matter of concern comes up during the meeting, please stop the conversation and inform a SOCMA representative.

Agenda

Our Key Discussion Points

- Introduction
- Landscape and Policy Overview
- Panel Discussion
- Audience Questions

Trade balances by HTS Chapter 2018-1st half 2022

In Billions of USD	Balance	Balance	Balance	Balance	Balance
HTS	2018	2019	2020	2021	1/2 2022
28 Inorganic Chemicals	-\$0.8	-\$1.3	\$0.8	-\$0.1	-\$1.2
29 Organic Chemicals	-\$12.2	-\$11.6	-\$13.6	-\$11.9	-\$7.1
30 Pharmaceuticals	-\$3.5	-\$85.1	-\$99.3	-\$88.6	-\$50.5
32 Colors and Tanning Agents	\$3.2	\$2.9	\$2.1	\$2.5	\$1.4
33 Cosmetics	\$3.5	-\$2.4	-\$2.6	-\$4.3	-\$3.0
34 Soaps, Surface Active Agents	-\$3.0	\$3.1	\$1.9	\$2.4	\$1.3
38 Miscellaneous	\$0.7	\$14.6	\$11.6	\$13.4	\$4.2
totals	-\$12.1	-\$79.8	-\$99.1	-\$86.6	-\$54.9

Trade balances by HTS Chapter 20 18-1st half 2022

In Billions of USD	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
HTS	1/2 2022	1/2 2022	2021	2021	2020	2020	2019	2019	2018	2018
28 Inorganic Chemicals	\$8.9	\$7.7	\$13.0	\$12.9	\$9.8	\$10.6	\$12.3	\$11.0	\$12.6	\$11.8
29 Organic Chemicals	\$32.5	\$25.4	\$53.5	\$41.6	\$46.0	\$32.4	\$49.4	\$37.8	\$51.2	\$39.0
30 Pharmaceuticals	\$85.3	\$34.8	\$154.7	\$66.1	\$145.7	\$46.4	\$132.1	\$47.0	\$6.7	\$3.2
32 Colors and Tanning Agents	\$2.8	\$4.2	\$5.0	\$7.5	\$4.2	\$6.3	\$4.2	\$7.1	\$4.4	\$7.6
33 Cosmetics	\$9.2	\$6.2	\$16.5	\$12.2	\$13.6	\$11.0	\$14.6	\$12.2	\$3.6	\$7.1
34 Soaps, Surface Active Agents	\$2.7	\$4.0	\$5.1	\$7.5	\$4.8	\$6.7	\$3.6	\$6.7	\$15.1	\$12.1
38 Miscellaneous	\$15.3	\$19.5	\$21.7	\$35.1	\$18.2	\$29.8	\$14.6	\$29.2	\$1.3	\$2.0
totals	\$156.7	\$101.8	\$269.5	\$182.9	\$242.3	\$143.2	\$230.8	\$151.0	\$94.9	\$82.8

China 301 Surtaxes

- As part of the phase one deal, and in anticipation that a phase two deal could be successfully negotiated, the U.S. held off on increasing the 301 tariffs against China as described below. Clearly USTR would have the authority to immediately increase all of the tariffs in these tranches if they believed that it would help “encourage” China to agree to U.S. requests.
- Tranche 3: 25%. This rate was scheduled to be increased from 25% to 30% on October 15, 2019. That increase was put on hold pending the signing of the phase one deal.
- Tranche 4a: On September 1, 2019, tariffs of 15% were imposed for products on this list. The 15% tariff in this tranche was cut to 7.5% on February 14, 2020, as part of the phase one deal.

China 301 Surtaxes

- Tranche 4b: On December 15, 2019, tariffs of 15% were scheduled to ~~kick~~ start. These tariffs were held in abeyance because of the agreement on a phase one deal.
- Exceptions Procedure— The Biden Administration has vigorously opposed any efforts for a broad re-opening of the exceptions window. This policy is not expected to change any time soon, despite the fact that they are working to produce a statutorily required report on the effectiveness of these levies.
 - SOCMA continues to lobby for a fair, open and transparent system for seeking exceptions.
 - Hopefully, the new Congress will mandate that USTR re-start this process.
- China has not incentivized the Administration to remove or alter these surtaxes.
- There is no chance that there will be refunds offered if and when our trading relationship returns to “normal”.

MTB and GSP

- Unfortunately, these issues are orphans at this point in time.
- Congress will hold a lame-duck session shortly to clean up unfinished items from this two-year legislative cycle. While there is general agreement on language for the MTB as well as renewal of GSP, in both Houses of Congress, and they are generally considered not to be controversial, we are hopeful that the MTB and GSP renewal will be handled by voice vote when they return.
- There is now a real concern that the Democratic members will attach this necessary legislation to TAA (Trade Adjustment Assistance). The Republican members will oppose this unless it also include TPA (Trade Promotion Authority). The Biden Administration has been adamant that they do not want TPA. Therefore, even though this relief is vital to manufacturers in the U.S, we likely will continue to see a stalemate on both of these programs.

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- SOCMA continues to lobby both branches of the Government to encourage passage of these legislative priorities.
- Even under the optimistic scenario, duty relief under MTB will expire at the end of 2023, and the renewal process for 1/1/2024 will be delayed a minimum of 6 months to a year while existing and new duty suspension/reduction requests are evaluated.



Questions?

Coming Up:

5:30pm Networking Reception

**6:30pm Dinner & Presentation of
Performance Improvement Awards**