



April 15, 2024

The Honorable Ron Wyden
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jason Smith
Chairman
House Committee on Ways & Means
Longworth House Office Building 1139
Washington, DC 20515

The Honorable Mike Crapo
Ranking Member
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Richard Neal
Ranking Member
House Committee on Ways & Means
Longworth House Office Building 1139
Washington, DC 20515

RE: Statement for the Record – Hearing on the Biden Administration’s 2024 Trade Policy Agenda

Dear Chairman Wyden, Ranking Member Crapo, Chairman Smith, and Ranking Member Neal,

The Society of Chemical Manufacturers & Affiliates (SOCMA) appreciates the opportunity to submit comments regarding the hearings on the Biden Administration’s 2024 Trade Policy Agenda with United States Trade Representative Katherine Tai.

SOCMA is part of a \$300 billion industry that’s fueling the U.S. economy. Our 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. As the only U.S.-based trade association solely dedicated to the specialty and fine chemical industry, our industry network extends to more than 20,000 influencers and decision makers in the specialty chemicals supply chain.

Section 301 Tariffs

SOCMA is not seeking the elimination of the Section 301 Tariffs. China’s unfair policies and practices towards intellectual property have had a range of negative effects on the American economy and have



significantly undermined American manufacturing. Many SOCMA members have been victimized by IP theft in China – theft that is particularly hurtful to an industry that thrives on innovation. We respect the administration’s need for a full range of options to deal with China’s unfair practices and understand that tariffs are an impactful tool that should remain at the Administration’s disposal.

Nevertheless, the Section 301 tariffs have placed burdens on domestic specialty chemical manufacturers that have placed them at a competitive disadvantage. In many cases, China is the only or predominant source of inputs and raw materials for the specialty chemical industry and there is a need to alleviate the tariffs on those products.

Reinstatement of Section 301 Exclusion Process

SOCMA encourages a three-step approach to 301 tariff exclusions:

1. Reopen the exclusion process for previously extended exclusions (already completed by USTR).
2. Open the exclusion process for all previously granted, now expired exclusions.
3. Re-open the exclusion process to all 301 tariffs.

SOCMA strongly believes any exclusion process must be transparent and inclusive for all stakeholders, apply consistent procedures and processes for all tariff exclusion applications, and base decisions on clear evidence and consistent criteria.

There are a number of reasons to re-open the exclusion process, not the least of which is that tariffs on products that are not competitively available outside of China have a compounding effect on the US economy of which the chemical industry is a net exporter. The tariffs that are being paid by US companies hinder their production and growth opportunities, and because it increases the cost of US products it makes them less competitive in the global market, which in turn inhibit reductions in the US trade deficit.

Support for Legislation to Amend USMCA Implementation

SOCMA also requests the support in amending USMCA implementing legislation to allow duty drawback for 301 surtaxes. The collection of these levies places SOCMA members at a severe disadvantage for exports to Mexico and Canada since international competitors do not have the 25% surcharge included in the cost of raw materials. The implementing legislation of USCMA will need to be amended to resolve this trade imbalance. SOCMA’s hope is that this is a unilateral change and does not require the participation, nor negotiation with, Mexico or Canada.



Conclusion

SOCMA has appreciated the opportunity to provide input and looks forward to continued engagement with the Committees. If you have any questions about these comments, please feel free to contact me at gstrand@socma.org or 571-348-5123.

Respectfully submitted,



Genevieve Strand
Director, Government Relations
Society of Chemical Manufacturers & Affiliates (SOCMA)
1400 Crystal Drive, Suite 630
Arlington, VA 22202