

**Statement of U.S. Global Value Chain Coalition
Before the U.S. International Trade Commission
Investigation 332-565 – American Manufacturing Competitiveness: Effects of Temporary Duty
Suspensions and Reductions on the U.S. Economy
April 23, 2019**

These comments are being filed on behalf of the U.S. Global Value Chain Coalition (USGVC) – a coalition of U.S. companies and associations – that is on a mission to educate policymakers and the public about the American jobs and the domestic economic growth our companies generate through their global value chains.

Global value chains include those jobs we traditionally associate with creation of a product – such as those in a factory or on a farm – as well as those positions involved in the conceiving of and delivery of those products – such as design, marketing, research and development, logistics, compliance, and sales. Simply put, the global value chain accounts for all the jobs that add value to the good or service sold in the global marketplace. These positions are essential to the creation or sale of a good or service. Moreover, these jobs are primarily here in the United States and are usually high-paying, accounting for much of the value that is paid at the register.

Thank you for holding this important hearing on the Miscellaneous Tariff Bill (MTB) process. Many of our members, and the companies with whom they work, were enthusiastic supporters of the MTB. Through individual MTBs, many companies were able to reduce tariffs on imported inputs or key finished goods, generating savings that were then used to support U.S. trade-based jobs.

At its heart, the MTB recognizes that the unilateral reduction of import tariffs supports economic growth in the United States because U.S. tariffs are taxes that Americans pay. If American importers – be they importers of inputs or finished articles – are not required to pay these tariffs, then those savings can be plowed elsewhere in their supply chains.

MTB gives companies the ability to:

- Design more innovation into the product or create expanded product lines and collections.
- Build flexibility in pricing.
- Plow savings back into the brand or business in the form of investment into capital projects, hiring, or innovation.

Without MTB:

- Companies are limited in the number of products and innovation that can be built into them, thus limited in what they can feasibly bring to market.
- Consumers suffer because of the lack of innovative or cost prohibitive products.
- Consumers may lack access to products that would help them or that they require to participate in outdoor or similar activities.

There is no question that these MTBs have had a positive effect on the U.S. economy.

Please consider the following examples:

Example 1

The MTB savings on a felt bottomed bootfoot boot (HTS Code 6405.20.9030; MTB Code 9902.14.53) and a rubber soled bootfoot boot (HTS Code: 6404.19.2030; MTB Code: 9902.14.37) were extraordinarily valuable for one Montana company in supporting jobs in its value chain. The savings it generated on manufacturing inputs created opportunities to add new roles in manufacturing engineering and production management. These savings also were used to justify investments in new manufacturing equipment that will enable re-shoring of some overseas production, significantly increasing activity in its Bozeman factory.

Example 2

One of the biggest molecules being imported under the MTB is Glyoxal 40% (HTS #2912.19.30, CAS #107-22-2). The product is imported in bulk form from China and is used in many industries, including:

- Paper (specifically waterproof paper like milk cartons)
- Disposable diapers (baby and adult)
- Textile dyes/clothing (is one of the main components that make modern cotton fabrics “wrinkle free”).
- Water-based adhesives
- Cleaning products
- Paint

All these industries affect the lives of most Americans and are benefitting/creating jobs from reduced glyoxal prices. Chemical distributors operate in all 50 states and DC providing 72,948 direct jobs and another 141,980 related jobs in the U.S. with \$14.45 billion in wages generated. In this case, chemical distributors will bring the product in and provide storage and delivery, which supports transport and hazmat management jobs.

As the MTB program continues through its second cycle later this year, especially with more certainty in the process, we would expect these companies and their value chains to benefit further – assuming these MTBs are renewed – and additional companies to benefit with new MTBs that are created.

As you report on the effects of the MTB, we urge you to find that the effects are unquestionably positive for the overall economy as well as for many U.S. global value chains that function more efficiently when the costs to import are reduced.