

Chris Jahn
President & CEO



April 29, 2020

The Honorable Robert Lighthizer
Office of the United States Trade Representative
600 17th St. NW
Washington DC 20006

RE: Comments from the American Chemistry Council (ACC) on Excluding Chemicals Essential for Combatting COVID-19 from U.S. Additional Tariffs on Imports from China Under Section 301 of the Trade Act of 1974 (Docket Number USTR-2020-0014; 85 Fed.Reg. 16987, 25 March 2020)

Dear Ambassador Lighthizer:

Thank you for the opportunity to provide input in response to your office's request for comments on "Additional Modifications to the 301 Action to Address COVID-19: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation."

The U.S. chemical industry is playing a vital role in combating the spread of coronavirus disease 2019 (COVID-19) in the United States and around the globe. In the days following President Trump's declaration of a national emergency on March 13, 2020, the Department of Homeland Security (DHS) identified the chemical industry and its employees as an industry sector critical to public health, safety, and economic and national security.

Since that time, the American Chemistry Council (ACC) and its members have responded quickly to mitigate the impact of COVID-19 by placing an emphasis on safe operations while ramping up the supply of essential ingredients and materials that healthcare workers, consumers, and essential industries need to protect Americans and stop the spread of the virus.

Despite the best efforts of businesses around the country, healthcare workers, consumers, and workers in essential industries are in dire need of products and equipment that can help save lives. Chemicals and plastics specifically have been recognized for their critical role in adding value to the production and distribution of life-saving products:

- For example, chemistry represents 75 percent of the value of cleaning and disinfectant products;
- 27 percent of the value of medical equipment, including face masks, diagnostic equipment, disposable gowns, shoe booties and hoods; and



- 25 percent of the value of material inputs used to make medical supplies such as test tubes, housings for test kits, goggles, surgical gloves, and surgical instruments.

Despite the immense value that chemistry provides to these products, their speed of production, availability, and use is being limited by additional tariffs on critical inputs to manufacturing processes and disruptions to the supply chain that have now been exacerbated by the spread of COVID-19. These high-demand products are in shortage here and everywhere else in the world. To make and supply them in the United States, minimizing any existing barriers to trade should be a priority. Eliminating additional tariffs of 25 percent (for Lists 2 and 3 products) and 7.5 percent (for List 4A products) on these chemical and plastic inputs is one of the quickest, most straight-forward approaches to cutting the costs to making high-demand products in the United States.

To that end, we are requesting Administration support for excluding specific, essential products under Chapters 22, 28, 29, 32, 34, 38, 39, and 84 of the U.S. Harmonized Tariff System (HTS) from the additional tariffs on imports from China under Section 301 of the Trade Act of 1974. With these exclusions, our industry can deploy the full power of chemistry to help combat the spread of the novel coronavirus, maintain essential operations and pay our workers, and continue to serve critical sectors of the U.S. economy. As an attachment to this letter, we provide an illustrative list of relevant U.S. HTS codes for these specific, essential products at the eight and ten digit levels and describe how they are necessary for combatting COVID-19. This list is without prejudice to requests from specific manufacturers of these and related products.

Chemicals are essential to medical-care products, sanitization, and good hygiene

The U.S. business of chemical manufacturing is a \$553 billion enterprise that touches nearly all aspects of our nation's economy. The chemical industry supports a vast supply chain. In fact, 96 percent of all manufactured goods rely on chemistry. Because the business of chemistry is so fundamental to our nation's economy and to the continued operation of multiple other sectors, the U.S. Department of Homeland Security has classified the Chemical Sector as a Critical Infrastructure Sector¹.

The role of chemistry is particularly important today as chemicals enable countless products that will be needed to support good hygiene and treat those who are infected with the Coronavirus in the weeks and months ahead.

- For example, chemical biocides and disinfectants are the active ingredients in cleaning products that eliminate bacterial and viruses on a personal, household and industrial scale.
- Single use plastic products and packaging help keep surfaces clean and disinfected, prevent contamination of food, medicine, personal care and medical products, and help prevent person-to-person transmission of disease-causing microorganisms.

¹ <https://www.cisa.gov/chemical-sector>

- Personal hygiene products including hand sanitizers, diapers, soaps, detergents, toothpastes, and other antiseptics such as chlorine bleach, isopropyl alcohol, and hydrogen peroxide are all reliant on chemicals and chemical production.
- Chemicals are necessary to fertilize and protect crops that comprise our nation's food supply and chlorine chemistry is essential to protecting our nation's drinking water.
- Active pharmaceutical ingredients in over the counter (OTC) cough/cold medicines provide symptomatic relief of coughing and fever. The CDC recommends these medicines for at-home care of mild, non-severe cases of COVID-19 to help prevent the spread of the virus.
- Sweetener ingredients that reduce bitterness in OTC cough/cold medicines taken by consumers provide symptomatic relief of coughing and fever. The CDC recommends these medicines for at-home care of mild, non-severe cases of COVID-19 to help prevent the spread of the virus.

Plastics and chemicals help keep medical environments and treatments sanitary, safe and effective.

- For example, polycarbonate is necessary to produce syringes, surgical instruments, and IV components.
- Biocides and chlorine are needed to disinfect surfaces and keep drinking water clean.
- Polyvinyl chloride (PVC) is used in medical tubing, blood and IV bags.
- Polypropylene is a key component of medical-grade personal protective equipment including masks, gowns and goggles.
- And a range of chemicals serve as ingredients in over-the-counter and prescription medications.

We have attached to these comments three infographics further illustrating the value that chemistry solutions provide to medical equipment, medical supplies, and cleaning and disinfection around the globe.

Chemistry is fighting COVID-19, but we need your support

In addition to helping to create life-saving products – both before and after the COVID-19 pandemic – ACC members have a long and rich history of community outreach and support. Right now, we have member companies, big and small, that are donating extra supplies of gloves, masks, or other personal protective equipment to local hospitals. Others are providing volunteers and financial contributions to local community-based relief organizations, churches, and food pantries, for example. And still others are providing large-scale contributions of materials and product to help address the shortage of hand sanitizers; or ramping up production or even repurposing production lines to create other high-demand products like masks, gowns, and acrylic sheeting.

We believe life-saving products belong in the hands of the heroes who are saving lives – both in the United States and around the globe. To maximize our potential to help and save lives, we urge you to fortify the supply chain that make these products possible by excluding the products

we identify in the attached table from the additional tariffs on imports from China under Section 301 of the Trade Act of 1974. We would be happy to serve as a resource for you and USTR staff as you consider our product exclusion requests.

Best regards,

A handwritten signature in blue ink, appearing to read 'CJahn', with a long horizontal flourish extending to the right.

Chris Jahn
President and CEO
American Chemistry Council

Attachment 1 – Illustrative List of Essential Imports for Combatting COVID-

19

(1)

Cleaning, Disinfecting, Sanitizing, and Biocidal Products

The materials in the table below are essential inputs into U.S. manufacturing of cleaning, disinfectant, and biocidal products:

US China List #3	22071060	Un-denatured ethyl alcohol
US China List #4A	22072000	denatured ethyl alcohol
US China List #3	29051200	IPA (2-propanol)
US China List #3	2908991500	N-PHENYL-J-ACID
US China List #3	291219.5000	Acyclic aldehydes without other oxygen function: Other
US China List #3	2913005000	2-Formylbenzenesulfonic acid sodium salt
US China List #3	2916110000	Acrylic acid and its salts
US China List #3	2921196190	Amine-function compounds - Other: - Other -Other
US China List #3	29224949	Alanine
US China List #3	2924191150	Amides, other
US China List #3	2926905050	BUTYL CYANOACETATE
US China List #3	3204162000	REACTIVE BLUE 21
US China List #3	3204208000	OB 351
US China List #3	3204208000	Optical brightener SWN
US China List #3	3402132010	Polyethers
US China List #3	3402905050	Organic surface-active agents (other than soap); surface active preparations, washing preparations (including auxiliary washing preparations) and cleaning preparations, whether or not containing soap, other than those of heading 3401: - Other: - Other: -Other

(2)

Personal Protective Equipment

The materials listed below are essential inputs into U.S. manufacturing of N95 and other face masks, face shields, and gloves:

US China List #3	2913005000	2-Formylbenzenesulfonic acid sodium salt
US China List #2	3904695000	Polymers of vinyl chloride or of other halogenated olefins, in primary forms: other
US China List #3	2909602000	Alcohol peroxides, ether peroxides, ketone peroxides and their halogenated, sulfonated, nitrated or nitrosated derivatives: other
US China List #2	3920610000	BPA based Polycarbonate sheet

(3)

Medical Ingredients

The materials below are essential inputs into U.S. manufacturing of cough and cold medicines that can provide relief from COVID-19 and prevent its spread:

US China List #3	29094905	Guaifenesin
US China List #3	29251100	Saccharin and its Salts
US China List #3	2926905050	Other Non-aromatic Nitrile-function Compounds

(4)

Medical Supplies, Equipment, and Devices

The materials in the table below are essential inputs into U.S. manufacturing of lab supplies, such as centrifuge tubes and pipets; syringes; tubing; blood bags; semiconductors for medical devices; and medical diagnostic equipment, such as patient vital sign monitors:

US China List #3	2907230000	Bisphenol A bis(Diphenyl Phosphate) (BDP)
US China List #3	2909602000	Alcohol peroxides, ether peroxides, ketone peroxides and their halogenated, sulfonated, nitrated or nitrosated derivatives: other
US China List #3	2915901050	COCOAMINE DISTILLED
US China List #3	2917200000	CALCIUM HHPA
US China List #3	2917200000	HIMIC ANHYDRIDE
US China List #3	2917200000	HHPA

(5)

Packaging and Containers

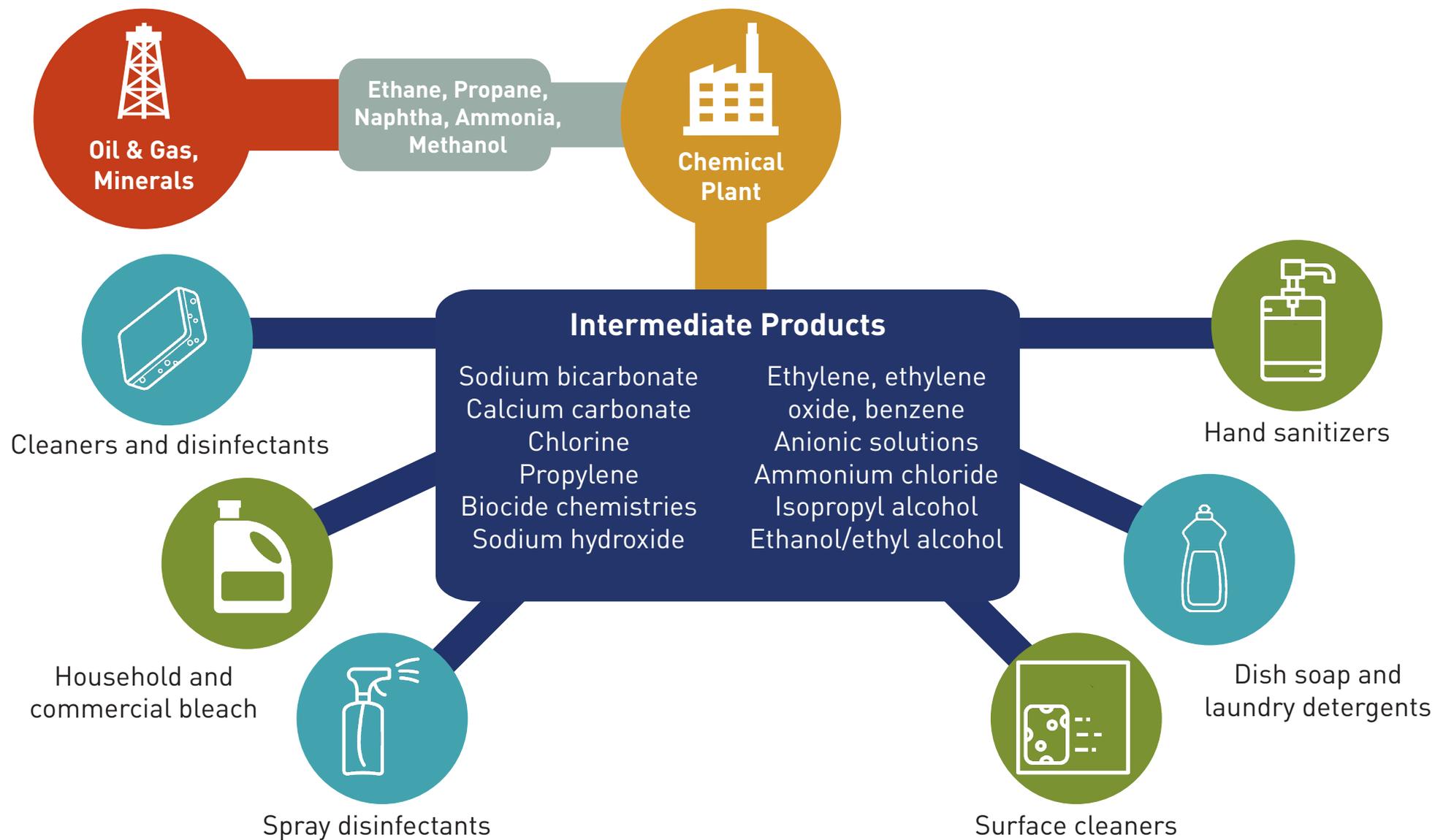
The imports in the table below are essential inputs into U.S. manufacturing of packaging of food, medical supplies, and sanitizing wipes; pharmaceutical bottles; other containers; and container parts:

US China List #3	2903290000	ALLYL CHLORIDE
US China List #3	2917200000	HIMIC ANHYDRIDE
US China List #3	2917200000	HHPA
US China List #3	2917200000	CALCIUM HHPA
US China List #3	2918297500	polymer antioxidant (phosphite ester)
US China List #3	2920902000	polymer antioxidant (hindered phenol)
US China List #3	2931909010	dimethylchlorosilane
US China List #3	2926905050	BUTYL CYANOACETATE
US China List #3	3204115000	disperse red 60
US China List #3	3204192020	solvent red 179
US China List #3	3204192090	solvent blue 104
US China List #3	3204192520	solvent red 135
US China List #3	3204192540	solvent orange 60
US China List #3	3204192595	solvent red 24
US China List #3	3204192595	solvent yellow 114
US China List #3	3204192090	solvent red 195
US China List #3	3204192090	solvent violet 13
US China List #3	3204176085	pigment orange 64
US China List #3	3204192595	solvent green 3
US China List #3	3204170485	pigment yellow 110
US China List #3	3204192595	solvent red 52
US China List #3	3204170435	pigment red 177
US China List #3	3812396000	polymer antioxidant (2-component mix)
US China List #3	8413.20.0000	Hand Pumps
US China List #3	8424.20.1000	Simple piston pump sprays and powder bellows

CLEANING AND DISINFECTION



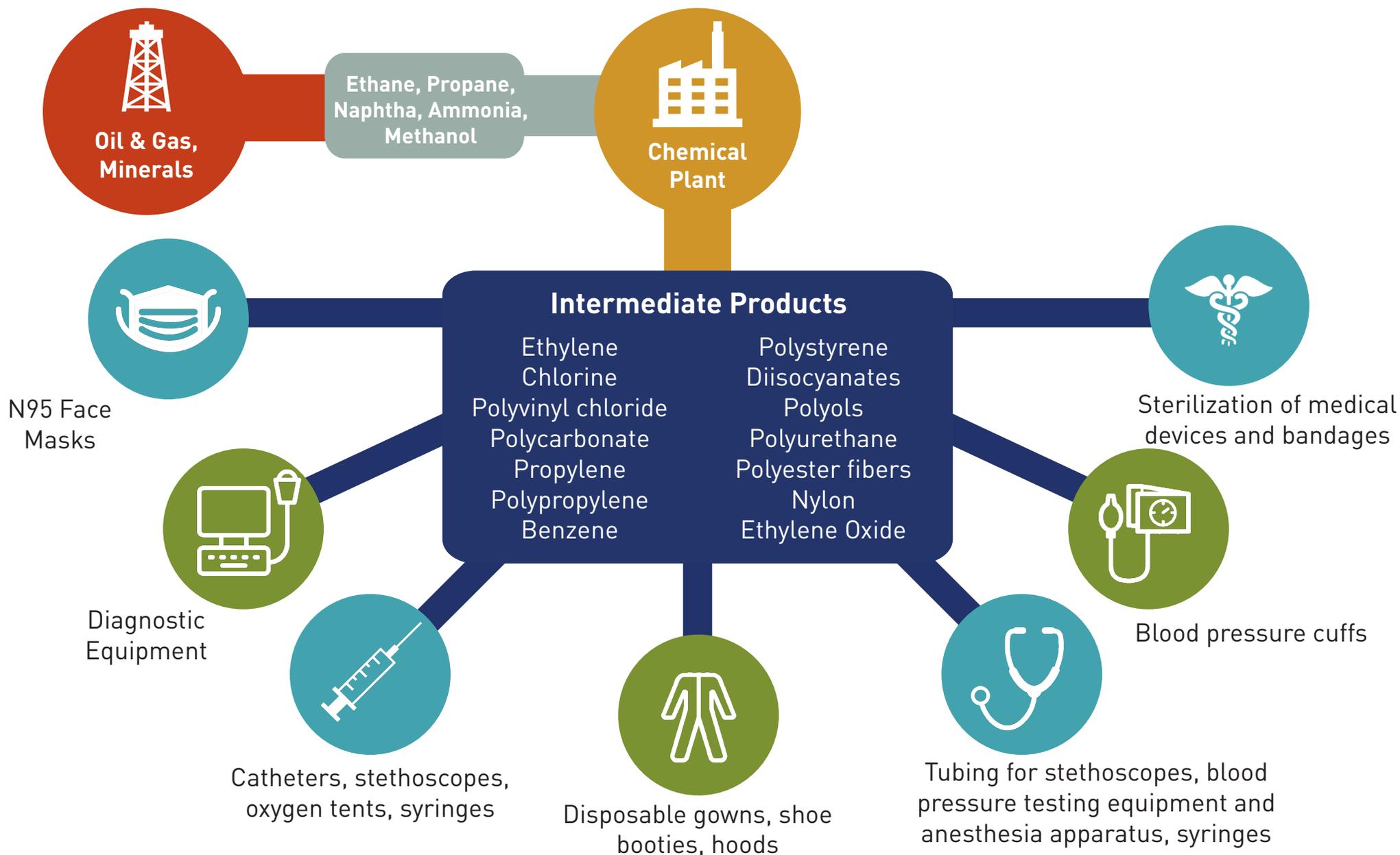
Chemistry contributes 75% of the value of material inputs in cleaning compounds.



MEDICAL EQUIPMENT



Chemistry contributes 27% of the value of material inputs used to make medical equipment.



MEDICAL SUPPLIES



Chemistry contributes 25% of the value of material inputs used to make medical supplies.

