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**Oral Testimony for USITC Public Hearing on
“COVID-19 Related Goods: U.S. Industry, Market, Trade, and Supply Chain Challenges”**

USITC Investigation No. 332-580

Thank you for the opportunity to testify today on behalf of the U.S. chemical manufacturing industry. The American Chemistry Council (ACC) and its members applaud the International Trade Commission for its continued efforts to provide comprehensive, relevant, and timely guidance to the Administration and Congress on matters of U.S. trade policy.

Throughout the COVID-19 pandemic, the chemical industry has continued to deliver as the one of the world’s most innovative, versatile, and collaborative industries. We are grateful to the ITC for recognizing our industry as a critical stakeholder in the conversation on the role of trade policy in addressing the pandemic. Smart U.S. trade policy can further enable our industry and our downstream customers to meet the demands of a health and economic crisis of this magnitude.

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 Sector. Chemical manufacturers and their essential workers never shut or stopped working during the quarantine and lockdown periods. Instead, ACC and its members made dramatic shifts in our focus and resources in order to help mitigate the impact of COVID-19.

For example, chemical manufacturers ramped up the production of products and materials that healthcare and other essential workers, consumers, and businesses, non-profits, and communities need to protect Americans, treat the sick, and help slow the spread of the virus. Manufacturers pivoted operations, retooled existing plants, and in some cases initiated entirely new production lines in order to meet the overnight surge in demand for COVID-19 essential products.

Throughout this time, ACC members made it a priority to ensure safe operations and to protect the health of their workforce. Our companies also emphasized the health and safety of the



communities in which they operate, contributing more than \$100 million in monetary and in-kind donations to support COVID-19 relief efforts across 18 states.

Although many industries testifying this week represent end-use businesses, the U.S. chemical industry is different in that we do not typically make finished consumer products. Instead, our companies supply the raw materials and intermediate chemistries to formulators and brand owners, which in turn manufacture and distribute the final products. What usually helps us do our jobs better, enables other, downstream industries do theirs better as well. And that includes developing and deploying products that can help fight the spread of COVID-19 and save lives.

Many of the materials and chemistries our industry provides are essential not only in developing end-use healthcare products, but also in ensuring that the products' performance will meet or exceed the high demands and expectations of its users. For example, chemistries help:

- Cleaning and disinfecting products to eradicate dangerous pathogens from medical equipment and surfaces to enable urgent reuse.
- Masks and respirators to effectively filter pathogens, like viruses and bacteria.
- Blood bags to be flexible, and visors, goggles and other protective eyewear to avoid fogging.
- Syringes like those used in vaccines and other life-saving medical interventions to avoid contamination or spoiling.
- In fact, you may have heard concerns recently about ensuring a robust “vaccine cold chain,” used to describe the supply chain that keeps vaccines in tightly controlled temperatures – from their development all the way through to their distribution. Chemical innovations like polyurethanes will be essential to providing insulation to cold storage appliances that will serve as the last critical leg of the race to deliver a viable, effective vaccine to communities around the globe.

Despite the immense value that chemicals contribute to COVID-19 response, their speed of production, availability, and use has been limited by U.S. Most Favored Nation (MFN) and additional tariffs – such as under Section 301 of the Trade Act of 1974 – on critical inputs to manufacturing processes and disruptions to the supply chain that have now been exacerbated by the spread of COVID-19. This has hurt not only our industry, but our customers as well.

Increased trade barriers in recent years have created a far more uncertain global business environment for chemical manufacturers. Tariffs and other trade barriers have distorted markets and injected unexpected costs into global and regional supply chains. This makes it harder for us to all work together to quickly and efficiently navigate a crisis like this one where uninterrupted manufacturing of goods is critical to response and mitigation.



Tariffs make supply chains less resilient and more prone to disruption to exogenous shocks. With tariff relief, our industry will be better positioned to 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 immediate first step, ACC urges the removal of tariff barriers to known inputs to COVID-19 related goods. Tariff relief is one of the most straightforward ways to increase supply chain stability and expand American manufacturers' access to critical inputs to producing materials and goods essential to combating COVID-19 here in the United States.

Looking to the future, the current pandemic has made it clear that U.S. manufacturers will need to diversify their sourcing to combat the next public health crisis and mitigate any demand and supply shocks. Minimizing barriers to sourcing alternatives will be critical to ensuring more effective and more expeditious public health responses.

To conclude, attempting to make everything on our own will neither translate to quick -- nor efficient -- supply of critical goods essential to a global pandemic. Diversity of supply chains and suppliers are also important. We need to minimize barriers to doing international business so we can remain resilient, competitive, and well-positioned to respond optimally to the next unknown.

We can maximize our potential to help and save lives by incentivizing production of essential goods here in the United States while also expanding access to inputs. This will also help keep domestic manufacturers competitive when domestic suppliers are the most efficient option.

ACC requests that your report focus on how tariff relief for the products we identify in our comments can fortify and increase the resiliency of the supply chains that make these products possible in the first place. We would be happy to serve as a resource for you and USITC staff as you finalize the new report to Chairmen Neal and Grassley.

Thank you.

