American Chemistry Council
Public Comments

"Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation"

Docket No. USTR-2018-0026

September 6, 2018

On behalf of chemical manufacturers producing goods in the United States, the American Chemistry Council (ACC) appreciates the opportunity to provide additional comment on the Administration's proposed modification of action against the People's Republic of China (China) under Section 301 of the Trade Act of 1974.

U.S. chemical manufacturers believe the principles of free and fair trade should apply to all members of the World Trade Organization, including China. ACC supports the U.S. Administration's goal of resolving conflict with China. In particular, we share the Administration's concerns about China's inadequate protections of intellectual property (IP) and forced technology transfer practices. However, a trade war will neither achieve a more balanced trading relationship between the U.S. and China nor advance the interests of the U.S. economy, manufacturers, and consumers.

ACC strongly believes that the Administration should work closely with like-minded trading partners to address long-standing problems with China through constructive negotiation, rather than through the blunt instrument of tariffs. Tariffs on all imports from China into the United States, as the Administration has proposed, would make the world's most important economic relationship even more difficult.

Nearly every major segment of the U.S. economy, from agriculture to manufacturing to healthcare, relies on chemicals. Many of these chemicals are produced in the United States, but many are imported from countries such as China. The proposed tariff on $200 billion of imports from China, whether at 10 percent or 25 percent, would have a profound and negative ripple effect throughout the U.S. economy, increasing costs and causing deep and lasting harm to domestic manufacturers, farmers, workers, and consumers. China's retaliation against U.S.-made chemicals and plastics, which is nearing $11 billion in total, will cause further economic damage.

Tariffs are counterproductive, undermine their stated intent, and invite retaliation from U.S. trading partners. We are gravely concerned that this new action will only exacerbate the growing threat of tariffs to the U.S. chemicals industry and our customers. If the United States imposes additional tariffs on imports from China, direct investment in the United States, both foreign and domestic, will decrease, and production and supply chains will move to other markets, thereby limiting opportunities for innovation, economic growth, and prosperity.

Thus, the proposed modification of action under Section 301 is of fundamental concern to the American Chemistry Council and our members. We strongly urge the U.S. government to avoid this action, rescind the tariffs currently in effect, and therefore preempt additional retaliation by China.

ACC's public comments will argue against imposing tariffs on trade in chemicals and plastics. They will also describe the real-world impacts of the proposed U.S. tariffs and China's proposed retaliation against our sector. **We have included as an annex to this submission a list of impact stories from our member companies on how the Administration's Section 301 and Section 232 trade actions and retaliation by trading partners are adversely impacting their planning, operations, and investments.**

ACC Opposes Including Chemicals and Plastics Products in U.S. List 3
Imposing increased duties on the products in the Annex to the Federal Register Notice of July 17 ("List 3") would not be practicable or effective to obtain the elimination of China's acts, policies, and practices. In fact, these duties, if applied, would cause disproportionate economic harm to U.S. interests, including small and medium-sized enterprises and consumers.

We request that the Administration remove all 1,505 chemicals and plastics products from the U.S. List 3.[1] The chemicals industry is not asking for tariff protection. Tariff costs will diminish the competitiveness of our industry and the U.S. economy. They will also potentially threaten the viability of the $202 billion in announced chemical industry projects and the ability of the U.S. chemicals industry to increase our exports to the rest of the world.

A U.S.-China Trade War Will Harm the U.S. Chemicals Industry, Particularly SMEs
China is a key market for many American manufactured exports and an important link in global supply chains providing essential inputs to U.S. manufacturing. American manufacturers and their employees will bear the costs of the U.S.-China trade war.

U.S. chemicals manufacturers that are small and medium-sized enterprises (SMEs) will be particularly vulnerable, as many rely on the supply of feedstock, catalysts, building blocks, or other raw materials to manufacture chemicals in the United States. Indeed, the impact of increased tariffs may be much more significant for an SME relative to the impact that a larger company might experience. Larger companies may be able to shift manufacturing centers based on these market changes to minimize impact. They may be able to buy and sell in much larger volumes and therefore may negotiate better terms on raw materials. SMEs often are reliant on a small manufacturing base and given their relatively small volumes, have little power to negotiate pricing. Raw material price fluctuations have a much greater impact on the business of a SME

[1] These 1505 chemicals and plastics products include 14 products in Harmonized Tariff System (HTS) Chapter 27, 261 products in HTS Chapter 28, 790 products in Chapter 29, 24 products in Chapter 31, 107 products in Chapter 32, 25 products in Chapter 33, 34 products in Chapter 34, 10 products in Chapter 35, 1 product in Chapter 36, 37 products in Chapter 37, 147 products in Chapter 38, and 55 products in Chapter 39.

compared to a larger operation. SMEs have fewer options to avoid the higher costs caused by tariffs. As a result, some may move production abroad, some may close lines of business, and some may go out of business entirely.

U.S. Trade Actions against China Heavily Target Imports of Chemicals and Plastics

The Administration has placed American chemical manufacturers of all sizes in the crosshairs of the U.S. and China tariffs. The U.S. chemicals and plastics industry, in particular, is highly competitive and does not need protection through tariffs, especially at the cost of jeopardizing access to global customer markets. However, the Administration's trade actions are doing just that. In total the U.S. tariffs either in effect or proposed will expose an estimated $18.5 billion in chemical and plastics imports from China.

The first U.S. tariff action on July 6 ("List 1") largely spared the U.S. chemicals sector. The second U.S. tariff action, as defined in Annex C to the Federal Register Notice of June 20 ("List 2"), heavily targeted imports of chemicals and plastics. More than half (54 percent) of the goods in Annex C are chemicals and plastics products. ACC estimates that U.S. tariffs on these 152 products will impact $2.2 billion in imports of chemicals and plastics from China.

On July 10, 2018, USTR published a third list of another $200 billion worth of Chinese imports that will face tariffs of 10 percent or 25 percent ("List 3"). This list covers more than 6,000 products including 1,505 chemicals and plastics products. 25 percent of the products targeted are chemicals and plastics products. The value of these imports from China was $16.4 billion in 2017 – about 8 percent of the $200 billion total.

Thus, these tariffs would create significant disruptions to supply chains. The chemicals and plastic products in List 3 are inputs into U.S. manufacturing processes. The imposed tariffs will significantly disadvantage and reduce the competitiveness of US manufacturers. For example, U.S. chemical manufacturers will have to pay more for inputs necessary for their manufacturing processes. As a result both the tariffs and the U.S. becoming a higher cost business environment, U.S. manufacturers and downstream users will pay higher prices for chemicals whether imported or made in the United States.

China's Retaliation Heavily Targets U.S. Exports of Chemicals and Plastics and Threatens U.S. Chemical Manufacturers

Domestic shale gas availability means that competitively advantaged compared to Chinese producers. China may have targeted U.S. chemicals exports because it is an area where the United States is poised to grow the most. That China has included these products on its retaliatory tariff lists is a recognition of the competitiveness of the U.S. chemicals industry and the challenge it poses to China's own fast growing chemicals industry. Chemicals are used in almost every manufacturing activity here in the United States and chemicals are essential to creating the downstream products that are consumed domestically and exported.

To date, the U.S. tariffs on imports from China related to the Section 301 investigation have incited tariffs on $110 billion worth of U.S. exports to China. About $11 billion of those exports are chemicals and plastic products ($2.0 billion on China List 2, $8.8 billion on China List 3).

China's retaliatory tariffs will hit more than 1,000 chemical and plastics products or product groups, including 40 products in its List 2 and 987 products in its proposed List 3.

China's retaliation will close that market for U.S. chemical manufacturers and will provide opportunities for competing industries in China and other parts of the world to replace U.S. market share. Creating barriers to Chinese customers will negatively impact U.S. exporters. ACC's analysis finds that China's retaliatory tariffs on $11 billion in U.S. chemicals and plastics exports will put nearly more than 8,000 direct jobs in the chemicals industry and nearly 55,000 American jobs total at risk. China's tariffs will also threaten $18 billion in U.S. economic activity as a result of reduced demand for chemicals and plastics products made in the United States.

The Chinese tariffs on U.S. chemical and plastics exports will lead to a reduction in demand for those exports. Depending on the elasticity of demand (responsiveness) for U.S. products in China, the retaliatory tariffs could result in substantial losses for American producers, their employees, and for the communities that depend on the economic activity that the chemicals and plastics industry generates.

In the baseline case (the scenario where, initially, Chinese importers are more challenged to find alternative sources to U.S. products), ACC estimates that the loss in U.S. chemicals and plastics exports to China would be equivalent to $1.6 billion annually.

In the worst case scenario (where Chinese customers can more readily adjust their supply chains to substitute for U.S. sourced-goods), the loss to U.S. chemical and plastics exports could reach $6.1 billion annually. The worst case scenario is entirely possible, especially in the longer term. As the Administration continues to erect costly barriers to accessing global supply chains and foreign customer markets, the Chinese government is actively working towards directing industrial capacity expansions in their own domestic economy and eliminating tariff and other barriers to doing business with other (non-U.S.) foreign partners.

How will U.S. Chemical Manufacturers Respond to the U.S. Tariffs and China's Retaliation?

Our member companies have provided an array of impact stories on U.S. tariffs and quotas and retaliation by trading partners, including China. They tell us that China's retaliatory tariffs will lead to reduced U.S. production and jobs and will incentivize offshoring. The Administration's proposed Section 301 tariff action and the resulting Chinese retaliation together create significant uncertainty for chemical companies as they plan and build new chemical plants and projects in the United States and work to export U.S.-made chemicals to trading partners. Some states, especially industry-rich ones like Texas, Michigan, Ohio and Louisiana, will feel a disproportionate brunt of China's retaliatory tariffs. With their economies heavily reliant on the manufacture of chemistry products destined for China, states could see catastrophic losses in jobs, investment, and new construction. If this uncertainty persists and increases, companies will consider investing in markets with greater policy certainty, low to zero tariffs, and lower input costs.

Higher tariffs in China as a result of retaliation will shut out U.S. chemicals exports to the benefit of competitors in Asia, Europe, and the Middle East. The overall uncertainty in the trading environment will lead to less wage and job growth in the United States. These dynamics would not only damage the chemical industry and the downstream manufacturers using chemicals – higher prices for chemicals lead to less demand for U.S. chemicals, less manufacturing in the United States, less job creation and workforce development, less investment, and higher prices for U.S. manufactured products – but could lead to inflation over time and a weaker U.S. economy with less demand and supply.

The U.S. Chemical Industry is Important to the U.S. Economy

The U.S. chemical industry is a $768 billion dollar enterprise, supporting more than 25 percent of U.S. gross domestic product (GDP), and providing over 811,000 skilled, good-paying American jobs, with production in nearly every state. 30 percent of these jobs are export dependent. And because over 96 percent of manufactured goods are touched in one way or another by chemistry, the chemicals industry is truly the foundation of American manufacturing.

For the first time in decades, the United States enjoys a competitive advantage in chemicals and plastic production, made possible by affordable domestic natural gas, the industry's primary feedstock. Since 2010 the United States has gone from one of the most expensive places to produce chemicals, to one of the world's lowest cost producers. In the past eight years, chemical manufacturers in the United States have announced approximately $202 billion of investment in new chemicals and plastics production capacity. More than 60 percent of that capacity stems from foreign direct investment. In 2016 and 2017, the chemical industry accounted for nearly half of all construction spending in U.S. manufacturing. Much of the new capacity is intended for export, reflecting investors' belief that the United States is an excellent platform from which to serve the global marketplace.

Today, American chemical manufacturers produce 15 percent of the world's chemicals. They are the top exporting industry in the United States, accounting for 14 percent of all U.S. exports, which amounted to $181 billion in 2017. The U.S. trade surplus in industrial chemicals was $33 billion in 2017. Given the competitive advantage created by the American shale gas revolution, that surplus is estimated to grow to $71 billion by 2023.

Practical Recommendations for Managing the U.S.-China Trade Relationship

The Administration should not take these tariff actions at the expense of the growing, value-add U.S. chemicals industry and other U.S. industries producing trade surpluses, increasing their exports, and entering new markets. We are hopeful that the Administration will recognize the risks for our economy of a continued escalation with China and will engage in a constructive, long-term effort to address its concerns.

We urge the Administration to focus on concrete initiatives to address the underlying barriers and distortions, including through work directly with U.S. industry on the following alternatives:

- Develop and execute a comprehensive strategy to effectively address longstanding trade policy issues in China. This strategy must include clearly defined objectives, direct negotiating mechanisms with the Chinese, targeted deliverables, and deadlines with measurable results. This policy must be clearly communicated with stakeholders, and must ensure mechanisms to hold China accountable for achieving the results.

- Develop a concrete list of political and binding commitments and actions China can take to meaningfully address significant IPR challenges emanating from China, including IPR theft, forced technology transfers, industrial policies that discriminate against foreign companies, and rampant counterfeiting and piracy. These must be transparent, targeted, monitored and credibly verified – and where possible backed by enforcement mechanisms. They must also reflect the long-standing concerns expressed by a wide range of economic sectors in the United States and should not be narrowly targeted at a select group of sectors.

- Work in coordination with our like-minded trading partners to address China's trade practices through all available mechanisms, including coordinated strategies in bilateral and multilateral forums with China, joint enforcement actions through the WTO and other mechanisms.

For the chemicals sector, the United States and China should:

- Avoid raising tariffs or erecting barriers between them or cause other markets to raise tariffs or erect barriers;

- Work together to cut costs in chemicals trade by eliminating tariffs and dismantling trade barriers bilaterally and across the world, including at the World Trade Organization and the Asia-Pacific Economic Cooperation (APEC) forum; and

- Work together to reestablish trust in our societies that the international trade system will benefit more people and be more inclusive.

The ACC believes that the system of international trade disciplines must work for everyone. To do that, the United States, the EU, Japan, China and other key trading partners must work together to break down barriers to trade. Increased market access, not less, is essential to the success of the chemical industry. Unilateral actions have the potential of creating less market access, and therefore less opportunities to export, grow the economy and create U.S. jobs. Simply put, the world does not need and cannot afford a trade war. The United States and its trading partners should find ways to address and prevent intellectual property theft and forced technology transfer practices on a global scale. Such concerted effort will only benefit the global economy, making trade work better for everyone, including businesses and workers in the United States.

The American Chemistry Council (ACC) represents a diverse set of companies engaged in the business of chemistry. An innovative, $768 billion enterprise, we work to solve some of the biggest challenges facing our nation and our world. Our mission is to deliver value to our members through advocacy, using best-in-class member engagement, political advocacy, communications and scientific research. We are committed to fostering progress in our economy, environment and society. The business of chemistry drives innovations that enable a more sustainable future; provides 811,000 skilled good paying jobs—plus over six million related *jobs—that support families and communities; and enhances safety through our diverse set of products and investments in R&D.*

Annex

Section 301 U.S. Tariffs – Impact Stories from ACC Members	
1	Specialty polymer company with global operations, including manufacturing facilities in China and the U.S. is concerned that the proposed tariffs will have a significant, negative effect on many U.S. small and medium-sized manufacturers that use imported specialty polymer products in a number of applications, including the paint and coatings industry, the automotive industry, and in various other industrial and consumer applications. The company is also concerned that possible retaliatory tariffs could negatively impact US specialty polymer exports to China, most of which are higher value and require strong intellectual property protections.
2	One ACC Member reported that a 25 percent U.S. tariff on imports of certain polyurethane dispersions from China will negatively impact this company, its customer(s) and their respective businesses, including their competitiveness in the automotive market. Although these raw materials are also available in Europe, the European market is near capacity, meaning that there is no excess supply to divert to the United States. These tariffs will not only increase costs for this chemical company, who would have to pass these costs on to downstream customers. This company would then suffer loss of this business within the U.S. to other foreign competitors. These chemicals are typically sold into applications requiring lengthy and costly technical qualification periods. The impact of these additional tariffs is likely to be in the millions of dollars and would greatly minimize the ability for companies in the value chain to be competitive.
3	One ACC member is raising the prices of its engineered materials polymer products to combat the rising costs of raw materials and the effect of a 25% tariff on products imported into the U.S. from China. The company said it is raising the price of its propylene-based long fiber thermoplastics, and its polybutylene terephthalate and polyethylene terephthalate compounded engineering plastics. The price hikes will become effective for orders shipped on or after Aug. 23, or as contracts allow.
4	One ACC member researches, develops and manufactures catalysts for use in catalytic convertors that are used on light and heavy duty vehicles in North America to meet government mandated emission standards. These technologies are dependent on raw materials that in many cases are only available in China. The proposed 25% tariff will increase the direct costs associated with manufacturing these products and ultimately be passed on to the end consumer. Additionally this will weaken the competitiveness of the companies that manufacture these products in the USA and potentially shift jobs and defer investments to other regions and countries that are not impacted by these tariffs.
5	For one ACC member, the U.S. tariffs will lead to losses for its industrial chemicals business in the U.S. It will pass on the additional duties where it can, which will result in increasing prices and a loss in competitiveness for its customers in end markets (domestic and foreign). For other raw materials from China where there is local competition and the company cannot pass on the duty, the increased production cost may

	lead to decreased competitiveness and consequently the closure of a U.S. facility and loss of U.S. jobs.
6	One ACC members is concerned about the negative impacts of the U.S. tariffs on the U.S. cast polyurethane (PU) elastomer industry, and downstream U.S. consumers. PU processors across the U.S. have shown strong business performance over the last two to three years, but have also faced constraints due to both lack of labor and availability of upstream di-isocyanate raw materials. As a consequence, PU prepolymer producers and processors alike have been burdened with increasing costs. In an effort to mitigate this impact on our U.S. customer base, we leverage global supply chains to ensure the best availability of products to our customers. This company's PU prepolymer imports into the US are not intended to replace US-based production, but to complement the ability to support US PU processors and their downstream customers in their ongoing growth. This company and other PU industry players are making the necessary investments to re-localize these imports to US production sites. However, major structural measures require at least 24-36 months to implement. In the meantime, imports from overseas, including those from Chinese production plants, are essential to further support downstream growth in the US.
7	The U.S. tariffs will cause a significant impact on one ACC member's biocide business. Most of the products/raw materials coming from China are used to formulate biocides that go into the construction market (e.g. wood treatment, gypsum board, adhesives, etc.). This company's wood business sells technical grade biocides to treaters. They then formulate products to treat wood (pressure and sawn timber treatment, etc.). Margins are tight as the main market is construction, as soon as the company passes any increase across the chain, the final consumer will pay the bill.
8	One ACC member has invested on data package and knowledge development to register biocides. Besides being compliant, it works diligently to ensure biocides are used properly and safely. It offers a complete support package to customers. This company estimates that the U.S. tariffs are going to shrink its margins and give Chinese producers a competitive advantage over time.
9	For one ACC member, the U.S. tariffs may lead to higher costs and intellectual property concerns. It would be impractical if this company were to attempt to use a different supplier as the quality and technical specification which it has invested in having its plant in China achieve would be lost and its sensitive IP would need to be shared with a third party. Additionally, such an interruption or delay from changing its supplier would have an immediate impact on its ability to produce the quantity of products that its US customers demand for 2019. As a result, a 10 or 25 percent tariff will actually have a negative impact on the US economy, through higher costs for the company, translating into higher costs for US automotive manufacturers and ultimately American consumers.
10	One ACC member is concerned that the proposed 10 or 25 percent tariff increase will have a significant impact and potential loss of $13.1 million annually in its skin care business, and on its US sales of ultraviolet (UV) filters. This company is committed to maintaining a world class quality system that consistently meets or exceeds its customer expectations. Its business process, global supply base and manufacturing sites operate according to the principles of ISO9001. In effort to identify alternative sourcing outside of China, a recent market study was conducted. There are limited suppliers of UV filters

	located in India, Europe and US. The suppliers in India do not meet quality and safety standards. The European and US suppliers offer a limited supply and are over market value price. The U.S. tariffs will threaten its ability to maintain uninterrupted and sustained supply of chemical products to key customers.
11	One ACC member is concerned about the, potentially, broad and negative effects that the tariffs would have on various supply chains for key products and materials that are used not only in its own production processes, but also, in other cases, in the production process of its key customers. In addition, in at least one particular case, due to domestic supply and/or capacity issues, a key chemical intermediate must be imported from Chinese sources because there is no available domestic supplier. Higher tariffs on domestically-constrained products like this will only add substantial costs for U.S. chemical manufacturing companies that have no choice but to use certain, key imported chemicals.

Section 301 Retaliation – Impact Stories from ACC Members	
12	One company reports that a number of its U.S.-sourced specialty plastic products are on China's list. The overall direct impact to this company is likely to be into the millions of dollars. It is also worried about the indirect, downstream impact of the tariffs, which they expect to be significant. It anticipates moving the production of these materials to its European or Asian operations.
13	A number of chemical manufacturers are also invested in the agricultural crop protection arena. With the proposed 25% tariff on US soybean imports to China they anticipate a loss of earnings with expected redirection of trade flows to Argentina and Brazil, making the US crop protection market less attractive.
14	Other U.S.-based ACC members research, develop and manufacture catalysts, catalyst bases, and adsorbents and then export these products to China for use by customers in oil-refining processes. These products would face a 31.5% applied tariff at the border in China (25% tariff plus a general rate of duty of 6.5%), triggering tens of millions of dollars in additional duties. The tariffs diminish the competitiveness of American manufacturers. Foreign competitors would not face these added costs to use global supply chains and thus, become lower cost suppliers. The tariffs will not only increase the costs for chemical manufacturers, they also cut their access to customers in China's market. Chinese and other foreign suppliers will enjoy increased market share and competitiveness.
15	U.S. chemical manufacturers often procure key raw materials in both domestic and international markets for production of finished chemicals and goods. When the U.S. government levies tariffs on imported raw materials and inputs, this greatly limits the ability of U.S. manufacturers to minimize costs and produce finished goods competitively. Most manufactured goods are created with global supply chains and compete in the global marketplace. Applying tariffs on inputs and incentivizing retaliatory tariffs in export markets reduces the ability of U.S. manufacturers to stay in business. The real-life consequences of increased barriers to trade, interruptions of supply chains, and decreased access to foreign customers is American companies becoming less profitable, reducing their workforce and the shutdown and offshoring of U.S. manufacturing plants.

	Given the complex and costly process to produce such products, duplicate plants and manufacturing technologies are not readily available. U.S. chemical manufacturers are then unable to produce these chemicals in other regions to maintain uninterrupted and sustained supply of chemical products to key customers. And since these chemicals are used in applications requiring long qualification periods, such forced changes in material and origin resulting from high tariffs could lead to major interruptions for part manufacturing in key sectors.
16	U.S. produced specialty polymers are typically sold into applications requiring lengthy and costly technical qualification. The Section 301 tariffs are introducing significant supply chain interruptions for critical chemical applications, such as healthcare and water purification. Most specialty polymer product sold into China's markets is exported for consumption in China and then exported from China to the United States and other countries as final products. Increased tariffs imposed on imports into China will raise prices of goods in the global market.
17	U.S. specialty polymer producers serve global markets from U.S.-based plants and compete with a large number of suppliers based outside the United States. The proposed China tariffs will create an uneven playing field rendering the U.S. producers noncompetitive in very important export markets. Producers of specialty polymers in the United States will not be able to avoid the proposed China tariffs. With small exceptions, they do not have redundancy to halt production in the United States and then shift production to other countries globally to maintain access to China's market. Inability to access China's market would lead to reduced capacity utilization and therefore lower profitability and employment.
18	One ACC member makes polymer additives (polymeric esters) and personal care ingredients for myriad industries. If China imposes a 25 percent tariff on its products, it would experience a far greater negative impact than a larger company supplying the same products. Small companies are often reliant on a small manufacturing base and, given their relatively small volumes, have little power to negotiate pricing, compared to a larger, global company. Based on its current sales and 2019 forecasts, China's retaliatory tariffs will likely obliterate its China business. One customer has already told this company that it will reformulate without the company's product as a result. This will lead to a $300K loss which is a quarter of the company's total China business. This company's business is unique in that product qualification is a very difficult and a timely process. This means once the company gains the business it is hard to lose, but once customers are motivated to reformulate, it is extremely difficult to regain business back. Thus, if the tariffs are put in place and later retracted, it is very possible the company will never regain the business.

	Section 232 tariffs and quotas – Impact Stories from ACC Members
19	In addition to the increased capital expenditure on new chemical project construction, these tariffs will also increase maintenance costs for existing facilities. Given the tariffs' impact on purchases of foreign sourced pipe, structural steel, and domestic fixed equipment, one ACC member company estimates the tariffs will result in $15 million/year of incremental cost for maintenance, turnarounds and plant capital activities

	vs 2017 purchases. This dramatic shift in cost structure is a powerful disincentive to investing in the U.S.
20	One ACC member is experiencing difficulties with the South Korea steel quotas administered by U.S. Customs and Border Protection (CBP). This member had purchased structural steel products for the multi-billion dollar chemicals plant it is planning to construct in the United States. Unfortunately, this company now cannot get this product shipped from the Port of Busan to the United States. Warehousing the product in Busan and searching for U.S. sources of supply is increasing costs and man-hours for this company. If this issue continues and delays the company's project, it estimates that startup and production could also be delayed, resulting in operational losses of $3 million for every day final start up and operations are pushed back.
21	An ACC member contracted for much of the necessary steel products over 2 years ago when a project final investment decision was made. Pipe spools are critical for the work being done over the next 6 months and the project as a whole. Over 1,700 craft workers are on-site now with the cranes and all equipment to build with the spools that the company is attempting to import. In June, the company had an import entry rejected of 152 pipe spools (3 were allowed in) in Long Beach due to the absolute quota on identified Brazilian origin pipe that was included in Chinese-origin pipe spools. The quota on Brazilian steel that went into effect on June 1 was already filled for the 7304.19.1020 and -.1030 category as soon as it was implemented. Some of the other spools are of South Korean origin pipe so there may be similar problems when they arrive to the U.S. (there are over 40,000 pipe spools on said project). The manufacturer is attempting to source elsewhere, but this is a scheduling problem and there is critical need to have the pipe spools for the workers on site now. If the company cannot get these pipe spools or the 40,000 others that they are expecting on the necessary timeline, then they will have to lay off craft workers and delay hiring any further.