Trade Policy

NACD Position

NACD works closely with Congress and the Administration to ensure trade policies continue to afford American businesses, like chemical distributors, opportunities to continue thriving in today's competitive global economy. Chemical distributors pay, both directly and indirectly, hundreds of millions of dollars each year in government-imposed import taxes on products that are not made or found domestically. NACD acknowledges the key role distributors play in today's complex global supply chain — which has taken Americans decades to build and reflects our nation's strengths and those of its trading partners. Decades of trade relationships cannot be shifted overnight; therefore, it is imperative that we continue to honor the relationships that have strengthened our U.S. economy.

NACD supports:

- Legislative and regulatory efforts that retroactively reauthorize the Generalized System of Preferences (GSP) and the Miscellaneous Tariff Bill (MTB);
- GSP country eligibility requirements set forth in 19 U.S.C. 2461 ET SEQ requiring 60-day notice be made for whole-county terminations and partial suspensions[1];
- Congressional oversight on trade policy, outlined in Article I of the Constitution, to protect U.S. businesses, consumers, workers, and families from the negative impact of both existing and proposed tariffs;
- A requirement for USTR to create an exclusion process for all Chinese imports subject to duties imposed under Section 301 of the Trade Act of 1974, that included
- Specific criteria for how USTR should carry out product-wide exclusion grants and Congressional authority to set exemption standards based on tariff imposition reviews; and
- Finalizing the new United States-Mexico-Canada Agreement (USMCA) and acknowledging its important mission of increasing trade, reciprocity, and reducing tariff barriers between the U.S., Canada, and Mexico.

[1] https://ustr.gov/sites/default/files/files/gsp/GSP%20statute%20updated%20to%202017.pdf

Policy Background

The GSP provides non-reciprocal, duty-free tariff treatment on certain imported components, parts, or materials not domestically available. The lower costs result in the ability of U.S. companies to compete globally and contribute to our nation's workforce. In 2018, President Trump signed GSP renewal legislation that became effective April 22, 2018. The program was retroactively renewed, allowing importers to seek refunds of duties paid during the authorization lapse.

Under the American Manufacturing Completeness Act of 2016, the MTB temporarily reduces or suspends tariffs paid on certain products imported into the U.S. [2] Determinations are based on domestic availability or production to ensure U.S. manufacturers are not at a disadvantage. The MTB was signed by the president in 2018. The next petition cycle starts October 15, 2019.

In 2018, President Trump unilaterally imposed a 25 percent tariff on a range of imports from the Peoples Republic of China. The tariffs were imposed under Section 301 of the Trade Act of 1974, which authorizes the president to act on foreign practices deemed burdensome or restrictive to U.S. commerce. Hundreds of chemical products are listed under List three's 25 percent tariff, which will result in a cost increase of $26.4 million to the chemical industry. Many chemical distributor companies lack the time needed to shift suppliers. Multiple studies by NACD show a direct link between tariff increases and reduced chemical sales — simply put, lower volumes result in job loss. NACD recognizes that action is needed to address China's trade violations; however, not at the cost of harming American businesses and workers.

Latest Action

USTR is conducting several GSP country reviews that jeopardize the original intent of the program. The Administration has decided not to follow the statutory 60-day termination notice requirement for partial country suspensions, which can essentially kill businesses overnight.

USTR has implemented tariffs on three lists of Chinese import products. List three's 10% duty on $200 billion worth of imports started September 24, 2018. The increase to 25% set for January 1, 2019, has been delayed contingent upon a 90-day period of talks between the White House and China.

Congressional approval is required for the new USMCA. Many Members of Congress have expressed opposition, which could stall final implementation.

[2] https://www.trade.gov/mas/ian/ustradelaws/tg_ian_002077.asp