National Association of Chemical Distributors

Trade - Section 301 Tariffs

NACD Position

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. Since the beginning of the Trump administration, much of this has been paid through tariffs levied against Chinese imports – many of which are not manufactured elsewhere.

Distributors play a key role 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:

- 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 the Office of the United States Trade Representative's (USTR) Chinese import exclusion processes to be ongoing, transparent, and reflective of product availability; and
- Specific criteria for how USTR should carry out product-wide exclusion grants and congressional authority to set exemption standards based on tariff imposition reviews.

Policy Background

In 2018, President Trump unilaterally imposed a 25 percent tariff on a range of imports from China in an effort to combat that country's malicious business practices and increased economic influence. 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, and multiple studies by NACD show a direct link between tariff increases and reduced chemical sales. NACD recognizes action is needed to address China's trade violations; however, not at the cost of harming American businesses and workers.

Latest Action

USTR has implemented tariffs on four lists of Chinese import products. List three's 10% duty on $200 billion worth of imports started September 24, 2018. This past December, President Trump signed a "Phase One" deal with China reducing List 4A goods from 15% to 7.5% and suspending List 4B tariffs.

Currently, over $250 billion in tariffs remain in place with exclusions processes largely closed with exceptions for certain medical goods. In addition to the tariffs on China, the Trump administration is considering expanding Section 301 tariff use to goods from countries implementing Digital Services Taxes.