

> MISCELLANEOUS TARIFF BILL FACT SHEET

Overview:

- The Miscellaneous Tariff Bill supports manufacturers, farmers, consumers and communities by reducing or eliminating tariffs, on a temporary basis, on products that are not available in the United States.
- The International Trade Commission found that tariff relief under the previous MTB boosted U.S. GDP by as much as \$3.3 billion and output annually by as much as \$6.3 billion.
- Unfortunately, the MTB expired in December 2020 and has not been restored by Congress. Since then, businesses in the U.S. and their customers have paid over \$1.5 billion in anti-competitive tariffs, equal to \$1.3 million per day.

Ask: Congress must pass the Miscellaneous Tariff Bill as soon as possible this year. We understand that Ways and Means Trade Subcommittee Chairman Adrian Smith will soon introduce MTB legislation. We ask that you support the MTB and encourage the Chair and Ranking Member of the Ways and Means Committee to include MTB legislation in the next full committee trade markup, along with other trade priorities like the Generalized System of Preferences.

MTB Benefits:

- **Manufacturing:** The MTB benefits manufacturers in the U.S. across many sectors, from electronics to heavy equipment and machinery to consumer goods, chemicals, textiles and footwear. Passage of the MTB would strengthen manufacturers' ability to create jobs, innovate and grow in the U.S.
- **Agriculture:** Passing the MTB would help agricultural chemical companies save up to \$89 million per year on production costs for tools like pesticides. This, in turn, helps U.S. farmers as it keeps prices for pesticide products down and more accessible.
- **Chemicals:** Around 50% of MTB petitions are chemicals, many of which are intermediate materials used in key domestic supply chains like health, agriculture, food production, ICT, energy and automotive goods. The MTB helps manufacturers produce highly advanced, organic and bio-based chemicals right here at home, improving our competitive position with respect to China and other countries.

Congressional History: The MTB has historically been passed on a strong bipartisan basis. In 2018, Congress passed the MTB unanimously and in June 2021, the Senate approved a trade amendment that included the MTB by a vote of 91 to 4.

How does MTB work? Congress passed the American Manufacturing and Competitiveness Act in 2016, which set up a new process for the MTB. The International Trade Commission accepts petitions from stakeholders for temporary tariff relief on goods that are not available in the U.S. The ITC and Commerce Department conduct thorough analyses and recommend to Congress which petitions meet AMCA criteria, ensuring products are non-controversial, revenue neutral and administrable. The most recent report from August 2020 can be found on the [ITC website](#). The process is further detailed in a [December 2021 CRS Report](#), titled Miscellaneous Tariff Bills (MTBs.)

China: The MTB only reduces Most Favored Nation tariffs for approved petitions and does not modify Section 301 tariffs on products from China.

Cost of Inaction

The cost of congressional inaction on the MTB is adding up – costing manufacturing jobs, incentivizing investment overseas, deterring customers, raising prices for farmers and hurting local economies. Please see anecdotes from companies on the following page.

Company Anecdotes:

- **Sukup Manufacturing Co.**, headquartered in Sheffield, Iowa, is a family-owned and -operated manufacturer of grain-storage and grain-handling products. It is paying tens of thousands of dollars in tariffs to import components from the Kyiv province of Ukraine. In 2022, the company paid nearly \$40,000 in tariffs on imports from Ukraine. Ukraine's export market is essential to its economy as well as its ability to withstand Russia's invasion. The lack of an MTB is creating barriers between companies in the U.S. and their Ukrainian partners at exactly the wrong time.
- **Element Electronics**, the last remaining U.S. producer of LCD TVs, has felt the absence of an MTB through a highly uneven playing field—which has led to layoffs of employees at the Winnsboro, South Carolina, facility. Mexican producers of LCD TVs buy the same LCD panels as Element but are allowed to import them duty-free. They are then able to export the finished TVs to the U.S. duty-free, too, putting Element at an unfair disadvantage. Restoring the MTB would allow the company to compete fairly and return to full production and employment.
- **Glen Raven**, a 143-year-old global fabric manufacturer based in Burlington, North Carolina, uses the MTB for duty-free access to raw materials that haven't been made in the U.S. in decades. When the previous MTB expired, the company was compelled to invest in operations outside of the U.S. During the pandemic, the business created more than 200 jobs, but because of the tariffs, it could not afford to locate the positions in the U.S. and instead expanded operations in Europe and elsewhere. "While we are committed to job creation and investment in the U.S., if we are unable to be competitive in this environment, we have a responsibility to invest where we have the greatest opportunity to achieve our growth objectives," said Glen Raven President and CEO Leib Oehmig.
- **ICF Mercantile**, a manufacturer based in New Jersey, purchases raw materials that are not available in the U.S. for products it sells to NASA and the Defense Department. The company is forced to pass the cost of the 10% tariff on to its government customers, which ultimately increases costs for American taxpayers.
- **Nation Ford Chemical**, a family-owned South Carolina manufacturer, makes products used every day by the U.S. military. The absence of an MTB has cost the small company customers and is jeopardizing some of its 80 jobs. In 2022, to make just one of its products—a jet-engine lubricant additive called PANA—the Fort Mill-based company spent almost \$500,000 on duties alone. Tariffs have cost NFC so dearly that it may soon be forced to close the smoke-dye component of its business. If it does, the company would have to lay off up to 10 workers, and the U.S. military would have to source the product from foreign markets.
- **Albaugh, LLC**, is a privately owned company based in Iowa with manufacturing facilities in St. Joseph, Missouri. During the previous period of MTB tariff reductions, Albaugh was able to import the intermediate N-carboxymethyl-N-phosphonomethyl-glycine (PMIDA) for use in synthesis of crop protection products. The current tariffs on PMIDA makes synthesis with this intermediate in the United States more costly than importing the finished crop protection products. If the MTB for PMIDA were restored, Albaugh could resume synthesis in the United States and employ up to 30 additional workers at its St. Joseph facility.

Additional Examples:

- Passage of the MTB would also remove tariffs on raw materials used by a chemical manufacturer to make U.S. produced solvents and acetates. Production lines for these products were originally shut down in several U.S. states but have now been restarted and domestic factories to produce these products are now under construction. A sufficient, competitively priced supply of inputs, many of which are not sourced domestically, is crucial to keep these production lines running.
- A further example of a product in the chemical sector is a material from Europe and Southeast Asia which is used to make specialized materials for the U.S. automotive, trucking and energy sectors, as well as for certain medical devices, wire/cable applications and sporting goods. Without MTB tax relief, U.S. producers are at a cost disadvantage as lower cost imports of the final product are available from other countries, often from non-renewable or non-sustainable sources.

