



National Electrical Manufacturers Association

The association of electrical equipment
and medical imaging manufacturers
www.nema.org

August 24, 2022

David Johanson
Chair
U.S. International Trade Commission
500 E Street, SW
Washington, DC 20436

Re: Investigation No. 332-591, *Economic Impact of Section 232 and 301 Tariffs on U.S. Industries*

Dear Chairman Johanson:

As the leading trade association representing the manufacturers of electrical and medical imaging equipment, the National Electrical Manufacturers Association (NEMA) provides this submission to the United States International Trade Commission's investigation into the *Economic Impact of Section 232 and 301 Tariffs on U.S. Industries*.

NEMA represents more than 325 electrical equipment and medical-imaging manufacturers that make safe, reliable, and efficient products and systems. Member companies support more than 370,000 American manufacturing jobs in 6,100 locations across all 50 states. NEMA companies play a key role in transportation systems, building systems, lighting, utilities, and medical-imaging technologies and will thereby serve a critical role in the implementation of the Bipartisan Infrastructure Law (BIL). These industries produce \$130 billion in shipments and \$38 billion in exports of electrical equipment and medical imaging technologies per year.

Attached please find the NEMA submission to the investigation. We appreciate the opportunity to articulate the impact of these tariffs on the electroindustry.

If you have any questions on these comments, please contact Madeleine Bugel of NEMA at Madeleine.Bugel@nema.org.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Spencer Pederson', is written over a light blue horizontal line.

Spencer Pederson
Vice President, Public Affairs

Attachment

NEMA Submission to Investigation No. 332-591, Economic Impact of Section 232 and 301 Tariffs on U.S. Industries

The Section 301 tariffs on imports from China and the Section 232 tariffs on steel and aluminum negatively impact strategically important U.S. industries. The electroindustry has a robust domestic manufacturing base and supports the fundamental goal of creating high-paying American jobs and shoring up domestic supply chains. However, these sustained tariffs unreasonably burden U.S. manufacturers as they endeavor to support domestic manufacturing and resilient supply chains.

Many products subject to Sec. 232 and 301 tariffs are used in manufacturing in the U.S. after being imported. Products such as printed circuit assemblies, cable assemblies for healthcare facility call systems, motor end shields made from stainless steel castings, and stainless steel conduit boxes are imported then used to manufacture critical healthcare, industrial, utility, transportation, and lighting equipment. The tariffs are raising the costs of components and materials used in domestic manufacturing, making U.S. manufactured goods less competitive in the global marketplace and putting domestic jobs at risk.

Further, NEMA members are directly or indirectly involved in one-third of the Bipartisan Infrastructure Law (BIL) funding. To meet the accelerated timelines outlined in the BIL, demand for critical electrical products is rising quickly. The tariffs raise the costs of components and materials electrical equipment manufacturers require as they enable the country's infrastructure improvement, potentially diluting the funding for critical infrastructure projects.

U.S. Customs and Border Protection has assessed over \$162 billion in duties from the Sec. 232 and 301 tariffs over the past four years¹, during this time inflation has risen to historic levels. The 25% tariffs being paid on billions of dollars of products further exacerbate inflationary pressures U.S. consumers and businesses are facing.

Presently, there is no open process to apply for exclusions from the Sec. 301 tariffs on imports from China. An exclusions process was in place from 2018 to 2020 as well as a subsequent window to request exclusions for a narrow list of products in 2021. However, the exclusions process was not transparent, and the U.S. Trade Representative's office did not properly document its decision making procedures, according to a 2021 Government Accountability Office report². Manufacturers found the exclusions process to be capricious and difficult to navigate. A new, fair, and transparent exclusions process for the Sec. 301 tariffs is needed to provide tariff relief, especially for components and materials used in domestic manufacturing.

The continuation of the Section 232 and 301 tariffs create significant challenges, costs, and uncertainty for U.S. businesses. Providing relief from these tariffs will assist companies as they reorient supply chains, manage inflationary pressures, and aid in the nation's infrastructure improvement.

¹ <https://www.cbp.gov/newsroom/stats/trade>

² <https://www.gao.gov/products/gao-21-506>

