Coalition for a Prosperous America
PO Box 283
Southwick MA 01077
202-688-5145
https://prosperousamerica.org/

Inv. No. 332-591

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July 8, 2022

VIA ELECTRONIC FILING (EDIS)

Lisa R. Barton
Secretary of the Commission
U.S. International Trade Commission
500 E Street, SW
Washington, D.C., 20436

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

Dear Secretary Barton:

On behalf of the Coalition for a Prosperous America, we hereby submit the attached pre-hearing brief for the above-captioned investigation.

Thank you for your consideration of this matter. Please contact the undersigned if you have any questions.

/s/ Charles Benoit
Trade Counsel at the Coalition for a Prosperous America
202-596-5115
cbenoit@prosperousamerica.org

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter Of:

Economic Impact of Section 232 and 301 Tariffs on U.S. Industries Inv. No. 332-591

PRE-HEARING BRIEF of The COALITION FOR A PROSPEROUS AMERICA

Submitted by:

Charles Benoit, *Trade Counsel*
Coalition for a Prosperous America
Southwick MA 01077
202-596-5115
PO Box 283
cbenoit@prosperousamerica.org

Jeff Ferry, *Senior Economist*
Coalition for a Prosperous America
Southwick MA 01077
650-273-2100
PO Box 283
jeff@prosperousamerica.org

Amanda Mayoral, *Economist*
Coalition for a Prosperous America
Southwick MA 01077
202-270-7115
PO Box 283
amayoral@prosperousamerica.org

July 8, 2022

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Pursuant to the U.S. International Trade Commission's ("Commission") "Notice of Investigation and Scheduling of a Public Hearing" on the "Economic Impact of Section 232 and 301 Tariffs on U.S. Industries", the Coalition for a Prosperous America ("CPA") submits these comments to provide information relevant to the investigation, as well as views on the impressive benefits of both the Section 232 and Section 301 tariffs.

CPA members are a broad national coalition of domestic agricultural and manufacturing producers. Our coalition is overwhelmingly supportive of tariffs as a tool to promote investment and production in the United States, and many of our members have benefited from the 301 and 232 tariffs in particular. Many CPA members, whether individual producers or industry-specific associations, fear publicly expressing their support due to likely retaliation from China. They count on CPA to be their voice. In this submission, we focus on the beneficial impacts of the Section 301 tariffs across a host of industry sectors.

I. Economic Impact of the Section 301 tariffs

A. Overview

Before addressing effects by industry sector, a few general observations about the Section 301 action against China are useful:

- Most imports from China (by value) unaffected by 301 tariffs: The Section 301 tariffs were likely the most broadly applied tariff-increasing action since President Nixon's successful use of a global ten percent balance-of-payment tariff in 1971. Nonetheless, despite applying to thousands of eight-digit Harmonized Tariff Schedule ("HTS") codes, the Government Accountability Office estimates that between July 2018 and December 2020, only

$463 billion out of $1,182 billion worth of imports from China were subject to 301 tariffs.[1] Furthermore, $71 billion of that $463 billion received 301 tariff exclusions.[2]

- 301 tariffs acted either as a revenue tariff or a tariff sufficient to affect sourcing decisions, but they were not designed as a protective tariff for U.S. industry: The purpose of the China 301 tariffs was "to address the acts, policies, and practices of China that are unreasonable or discriminatory and that burden or restrict U.S. commerce."[3] Unlike highly successful protective tariff acts passed by Congress in the nineteenth and early twentieth century, President Nixon's global tariff, or Section 201 or 232 actions, Section 301 actions target a certain goods from individual countries. Thus they are not designed foremost to protect or promote U.S. investment and economic growth. The majority of items subject to the 301 action faced an additional twenty-five percent *ad valorem* tariff; other items even less than twenty-five percent. CPA found the effects of an additional twenty-five percent differed depending on the global competitive nature of the product. Much has been written that other low-wage nations in Asia were the biggest winner from sourcing decisions as a result of the 301 tariffs.[4] Nonetheless, the Commission should consider sourcing decisions that moved merchandise import origination from China to less adversarial nations as a positive development for the U.S. economy, albeit a difficult one to quantify. Furthermore, there are sectors and products where 301 tariffs served as vital protection for U.S. jobs and industry, detailed below.

- 301 tariff revenue benefits U.S. production and trade, and this must be acknowledged. U.S. Customs and Border Protection ("CBP") reports that as of June 8, 2022, an

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[1] GAO, *U.S.-China Trade*, GAO-21-506 (Washington, D.C.: July 2021), pg. 12
[2] *Id*.
[3] Administration of Donald J. Trump, *Memorandum on Actions by the United States Related to the Section 301 Investigation of China's Laws, Policies, Practices, or Actions Related to Technology Transfer, Intellectual Property, and Innovation*, March 22, 2018.
[4] *See, e.g.*, Michelle Jamrisko, "Vietnam Tops List of Biggest Winners From U.S.-China Trade War", Bloomberg, June 3, 2019, *available at* https://www.bloomberg.com/news/articles/2019-06-03/vietnam-tops-list-of-biggest-winners-from-u-s-china-trade-war

impressive $141,782,136,534 in 301 tariff revenue from imports from China.[5] This lump sum offsets more than eight times the $16 billion that the U.S. Department of Agriculture (USDA) distributed to farmers who lost market access to China due to retaliatory tariffs. The result of these diminished agricultural exports was more abundance and lower prices at home, as well be demonstrated below.

- The full benefits of our 301 tariffs were undermined, as imports from China began to restructure to take advantage of U.S. 'de minimis' treatment under Section 321 of the Tariff Act of 1930. Section 321 allows imports to enter free of tax or tariff, and with little chance of scrutiny, so long as the foreign vendor invoices the shipment at less than $800. Critical information, such as a harmonized tariff system code and the country of origin, are not required. The *Wall Street Journal* reported that the *known value* of de minimis imports from China soared from $2.85 billion in 2017 to $46.39 billion in 2020.[6] CBP does not have the resources necessary to enforce trade laws for the roughly 2.6 million de minimis shipments that now arrive daily. A proposed regulation by CBP to terminate Section 321 eligibility for goods subject to 301 tariffs was cancelled and not reinstated by the Biden Administration. See *Excepting Merchandise Subject to Section 301 Duties from the Customs de minimis Exemption* (RIN: 1515-AE57).

B. Effects of 301 Tariffs on Specific Sectors

Agricultural

[5] U.S. Customs and Border Protection, *Trade Statistics*, accessed July 7, 2022, *available at* https://www.cbp.gov/newsroom/stats/trade

[6] Josh Zumbrun, "The $67 Billion Tariff Dodge That's Undermining U.S. Trade Policy", WALL ST. JOURNAL, April 25, 2022, *available at* https://www.wsj.com/articles/the-67-billion-tariff-dodge-thats-undermining-u-s-trade-policy-di-minimis-rule-customs-tourists-11650897161

301 tariffs on agricultural products, particularly those covered in Chapters 2, 7, 8, 10, 11, and 12 of the Harmonized Tariff Schedule of the United States (HTSUS), have been beneficial to U.S. production and the resiliency of U.S. producers.

Tariffs on imports of fruits and vegetables help domestic businesses by protecting domestic production, and our near-shore supply chains in our hemisphere. Processed fruits and vegetables are the leading category of imported agriculture products, at $1.2 billion in 2018. Due to the constraints of growing seasons, many U.S. producers made investments in South America to take advantage of their opposite growing season. And NAFTA and its successor USMCA led to many domestic producers integrating their businesses throughout North America. 301 tariffs, which applied to all frozen fruits and vegetables from China, helps domestic producers maintain these supply chains against predatory export practices from China.

Garlic stands out among farm items as a crop where we had already achieved dangerous amounts of reliance on China, which was our primary source of garlic imports ahead of the 301 action. Greg Estep, of Olan Spices, operates the largest U.S. dried garlic plant in Gilroy, California, and credits Section 301 tariffs on garlic imports from China as "protecting the jobs of thousands of California workers."[7]

A review of the USDA's National Retail Report - Specialty Crops for garlic demonstrates that despite the imposition of tariffs on garlic from China, garlic prices declined after imposition of the 301 tariff on garlic. See, for example, a $1.26 - $2.99 Weighted Average Price in June 2017, prior to the tariffs, compared to a $0.89 - $1.99 Weighted Average Price June 2019, after the tariffs.

[7] Congressman Panetta, press release, Sept. 20, 2019, *available at* https://panetta.house.gov/media/press-releases/congressman-panetta-introduces-legislation-protect-central-coast-garlic

China's retaliatory tariffs on U.S. agricultural exports, namely almonds, soybeans and pork, are often cited as a source of harm for domestic producers. But the truth is, even China's retaliatory tariffs were positive for the U.S. economy. Similar to garlic, China's retaliatory tariffs had the effect of lowering domestic prices without limiting domestic production. Whether this was thanks in part to support programs from USDA,[8] or farmers' inherent preference to maximize production from their lot, these lower prices flowing from 301 tariffs and China's retaliation helped the U.S. economy and lowered inflation. The American Farm Bureau Federation noted that the food costs of a July 4th cookout in 2021 was actually lower than the previous year.[9]

Reduced soybean exports, in particular, helped drive down the cost of soymeal, a key component of animal feed. China had been the largest foreign market for American soy producers.

Finally, it must be noted that there are serious human rights concerns with food production in China. Tomatoes and downstream tomato products, in particular, were subject to a regional withhold release order. To the extent 301 tariffs minimized sourcing of tomato products from China, they protected U.S. food businesses and consumers from the supply chain shocks inherent when sourcing from a country with widespread human rights abuses.

Seafood

301 tariffs on imports of seafood from China (those tariffs under HTSUS Chapter 3 and Chapter 16) have been very beneficial for American seafood producers. They have helped to

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[8] Brian Hergt, "The effects of tariff rates on the U.S. economy: what the Producer Price Index tells us" (Oct. 2020), *available at* https://www.bls.gov/opub/btn/volume-9/the-effects-of-tarifff-rates-on-the-u-s-economy-what-the-producer-price-index-tells-us.htm. *See also* https://www.almonds.com/almond-industry/industry-news/mfp-helps-offset-impact-tariffs

[9] American Farm Bureau Federation, "July 4th Cookout Cost Stable Compared to Year Ago" (June 29, 2021), *available at* https://www.fb.org/newsroom/july-4th-cookout-cost-stable-compared-to-year-ago

promote the burgeoning American aquaculture industry by facilitating much needed private investment. Soymeal is also a key input cost for aquaculture.

301 tariffs on seafood from China have also helped insulate the U.S. seafood market from what the Environmental Defense Fund calls the largest fishing nation in the world.[10] For example, our 301 tariffs on tilapia from China helped shift import consumption away from China to countries far less adversarial.[11] This benefits domestic wholesalers and suppliers, and the broader seafood industry, by providing stronger and more resilient supply chains. For tilapia, even American consumers saw a benefit in shifting away from reliance on China: "The US market has been dominated by the Chinese frozen tilapia fillets especially due to its highly competitive price, but Brazil can offer fresh tilapia. The fresh tilapia fillets can be available in the American market within just 48 hours from slaughter."[12]

Likewise, the nation's largest shrimp association, the Southern Shrimp Alliance, called for the continuation of the 301 tariffs on shrimp from China in June, 2022, writing that "The sharp decline in Chinese seafood imports has not only helped U.S. seafood producers who had been forced to compete with unfairly traded goods, but has also been a major boon to U.S. consumers."[13]

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[10] Daniel Willard, "Breaking down China's seafood trade pathways", Sept. 15, 2021, *available at* https://blogs.edf.org/edfish/2021/09/15/breaking-down-chinas-seafood-trade-pathways/

[11] Stelamari Ito, "Tariffs back on Chinese Tilapia for the US, and Brazil eyeing on opportunities", Tridge Nov. 20, 2020, *available at* https://www.tridge.com/stories/tariffs-back-on-chinese-tilapia-for-the-us-and-brazil-eyeing-on-opportunities

[12] *Id.*

[13] Southern Shrimp Alliance, "Southern Shrimp Alliance Requests that Additional Duties on Chinese Seafood Be Continued", June 30, 2022, https://www.shrimpalliance.com/southern-shrimp-alliance-requests-that-additional-duties-on-chinese-seafood-be-continued/

Some seafood processor associations may claim that our 301 tariffs have hurt domestic industry by harming potential exports to China, but these calls should be scrutinized. A recent study of China's seafood sector suggests "Chinese demand for seafood is overstated".[14]

Finally, it must be noted that there are serious human rights concerns with seafood production in China. In February, 2021, U.S. Customs and Border Protection issued a Withhold Release Order against an entire Chinese fishing fleet.[15] This is in addition to several other orders targeting specific Chinese deep water vessels. 301 tariffs on seafood imports from China protect U.S. distributors, retailers and consumers from the supply chain shocks inherent in a country with widespread human rights abuses.

Sugar and Confectionary

301 tariffs in Chapter 17 of the HTSUS likely had a more modest revenue effect, but are still beneficial as they provide certainty about investment decisions and protection of domestic supply management programs. The United States has a long-standing policy of carefully managing domestic sugar production and prices, including through the use of administering tariff rate quota. This is a principal reason that we fortunately do not have extensive import reliance on China in this sector. Our 301 tariffs in Chapter 17 play an important role in defending this important balance.

Food and Drink, and Animal Feed

301 tariffs in Chapters 19, 20, 21, 22, and 23 of the HTSUS are invaluable to the U.S. economy and domestic producers. 301 tariffs in these chapters consist of 'value-add' agricultural

[14] Mark Godfrey, "Report: China's seafood demand overstated, with most imports processed and reexported", Seafood Source, March 21, 2022, *available at* https://www.seafoodsource.com/news/processing-equipment/report-china-s-seafood-demand-overstated-with-most-imports-processed-and-reexported

[15] U.S. Customs and Border Protection , "CBP issues Withhold Release Order on Chinese fishing fleet ", *available at* https://www.cbp.gov/newsroom/national-media-release/cbp-issues-withhold-release-order-chinese-fishing-fleet

processing. Removing these tariffs, to facilitate Made-in-China producers capturing market share in our grocery stores, would hurt a huge swathe of small and medium U.S. producers while helping no one.

Domestic food and drink and animal feed producers are also the best customers of domestic farmers. Our farmers are thus also key beneficiaries of 301 tariffs imposed on imports from China in Chapters 19, 20, 21 and 22 of the HTSUS.

These List 3 tariffs also insulate our domestic prepared food producers from potentially catastrophic supply chain shocks. For example, our List 3 tariffs under HTS heading 2002, "Tomatoes prepared or preserved otherwise", helped insulate U.S. food distributors and retailers from the January, 2021 withhold release order against tomato products originating in China's Xinjiang Uyghur Autonomous Region.

More than ever, Americans care where there food comes from, and domestic businesses are making investments to address their customers' concerns. Cutting tariffs on food and drink from China undermines those investments.

Minerals and Mineral Products

301 tariffs in Chapters 25, 26, and 27 of the HTSUS incentivized desperately needed domestic investment as well as investment in more resilient supply chains abroad, all of which benefit all domestic producers. Many U.S. producers have responded to 301 tariffs by making extraordinary investments in the extraction of minerals and production of mineral products deemed critical by the United States government.

For example, 301 tariffs were imposed on imports of natural and artificial graphite from China. Graphite was among thirty five "essential minerals" identified by USGS.[16] Due to our reliance on China, however, tariff exclusions were granted to leading U.S. battery manufacturers Tesla, Inc. and SK Battery America, Inc.

Despite the 301 tariff exclusion for graphite, though, the mineral is a case study in the benefits of our 301 tariffs on minerals and mineral products from China. This is because despite the exclusion being made available, the time-limited nature and uncertainty around future exclusion renewals drove desperately needed domestic investment to Syrah Resources Ltd., which produces graphite in Louisiana. The company received a four-year off-take purchase commitment of up to 8,000 tons per year from Tesla, Inc. subsequent to the imposition of the tariffs. This graphite will be imported from Mozambique but processed and refined in Louisiana. As the *Los Angeles Times* reported, "The deal is part of Tesla's plan to ramp up its capacity to make its own batteries so it can reduce its dependence on China".[17] This is a tremendous success, helped significantly by our 301 tariffs that apply throughout the electric vehicle supply chain.

The same story as above has repeated itself for several other minerals. In February, 2022, the White House released a list of major minerals and mineral product investments within the United States,[18] all of which is supported by 301 tariffs in Chapters 25, 26, and 27.[19]

<u>Chemicals and Chemical Products</u>

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[16] USGS, https://www.usgs.gov/news/national-news-release/interior-releases-2018s-final-list-35-minerals-deemed-critical-us

[17] Tom Bowker (Associated Press), "Tesla inks deal to get key battery component outside China:, LOS ANGELES TIMES, January 17, 2022, *available at* https://www.latimes.com/business/story/2022-01-17/tesla-inks-deal-to-get-key-battery-component-outside-china

[18] https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/22/fact-sheet-securing-a-made-in-america-supply-chain-for-critical-minerals/

[19] *See, e.g.,* CNBC, "Co-chair of America's only rare earth mineral mine discusses China's threat", *available at* https://www.cnbc.com/video/2019/05/30/rare-earth-mining-china-trade-mp-materials-squawk-box.html

301 tariffs at twenty-five percent were likely too low to effect significant reshoring or supply chain resiliency for many chemicals and chemical products. Nonetheless, every offset of cost differential supplied by tariffs is beneficial to domestic producers.

Jim Fitterling, CEO of chemical giant Dow Inc., speaking in relation to a carbon border-adjustment levy, acknowledged the obvious which is that imposing additional costs on imports of chemicals from China is helpful at driving investment in the United States, which is something Dow Chemical seeks to do.[20]

Fertilizers

U.S. fertilizer manufacturers CF Industries Holdings, Inc. and Terra Industries, Inc. cite to tariffs as a necessary tool to ensure that fertilizer is made domestically. CF Industry Holdings President and CEO Tony Will cited tariff relief from recent antidumping and countervailing duty investigations against other nations as needed to ensure fertilizer "remains readily available to U.S. farmers from reliable domestic suppliers"[21].

Tariffs on imports from fertilizer from China are essential to stability for domestic producers who need fertilizer. China has not hesitated to impose export restraints on its fertilizer to control prices and inflation concerns at home. China did this in 2008,[22] and again in 2021.[23]

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[20] Yuka Hayashi, "Tariffs to Tackle Climate Change Gain Momentum. The Idea Could Reshape Industries.", WALL ST. JOURNAL, Nov. 2, 2021, *available at* https://www.wsj.com/articles/tariffs-climate-change-greenhouse-gases-manufacturing-steel-11635862305

[21] CF Industries Holdings, Inc., *Press Release*, available at https://www.businesswire.com/news/home/20220127005920/en/CF-Industries-Holdings-Inc.-Welcomes-Commerce-Department%E2%80%99s-Affirmative-Preliminary-Antidumping-Duty-Determinations-Concerning-UAN-from-Russia-and-Trinidad-and-Tobago

[22] Lucy Jornby, "China hikes tariffs to stem fertilizer exports", REUTERS, April 17, 2008, available at https://www.reuters.com/article/us-china-fertiliser/china-hikes-tariffs-to-stem-fertilizer-exports-idUSPEK27931120080417

[23] Bloomberg News, "China's Curbs on Fertilizer Exports to Worsen Global Price Shock", Oct. 19, 2021 *available at* https://www.bloomberg.com/news/articles/2021-10-19/china-s-curbs-on-fertilizer-exports-to-worsen-global-price-shock

301 tariffs imposed under HTS headings 3101, 3102, 3103, 3104, and 3105 helped provide certainty for domestic fertilizer producers to continue to ramp up production and serve the U.S. market.

Textile and Apparel Goods

The National Council of Textile Organizations, along with other textile groups, formally called on the Biden Administration to continue 301 tariffs, stating that "Cancelling these tariffs would create further unhealthy dependence on Chinese supply chains and embolden future systematic trade abuses as bad actors know that the U.S. will not hold them accountable."[24] The textile groups continued, warning that lifting 301 tariffs "would threaten to reverse the once-in-a-generation nearshoring trends that are bringing supply chains back to the U.S. and Western Hemisphere, including those identified as critical to our economy and national security. These nearshoring trends and enforcement actions pertaining to China are unlocking historic levels of investment that are also at risk if the tariffs are suspended."[25]

Iron and Steel and Iron and Steel Products

301 tariffs on iron and steel, and iron and steel products in Chapters 72 and 73 of the HTSUS have benefited domestic producers and our economy. Benefits should continue as USTR recently declined to renew certain exclusions. The United States has ample domestic capacity to meet our nation's demands, and our steel producers depend on high capacity to remain financially viable. John Ferriola, CEO of Nucor, credits our Section 301 tariffs on steel imported

[24] NCTO, "Textile Groups Urge U.S. to Maintain Penalty Tariffs on Finished Products; Lifting Tariffs Would Cement China's Dominance of Global Manufacturing" (June 16, 2022), *available at* http://www.ncto.org/textile-groups-urge-u-s-to-maintain-penalty-tariffs-on-finished-products-lifting-tariffs-would-cement-chinas-dominance-of-global-manufacturing/

[25] *Id*.

from China as driving increasing domestic capacity to replace the imported product from China.[26]

CPA will discuss the steel and aluminum industry in more detail below, in the section on 232 tariffs. Tariffs have helped domestic steel and aluminum producers gain more domestic market share. But there is an important point about the 301 tariffs, as they helped offset inverted tariff structures in many instances that would have existed if the 232 tariffs had existed in isolation.

In addition to benefiting our large steel producers, our Section 301 tariffs have benefited many small and medium sized businesses that make steel products, from fasteners to tools. CPA represents custom tool and die manufacturers across the United States.

Copper and Copper Products

Revere Copper is an employee-owned company with over one million square feet of manufacturing space in Rome, New York. It was founded in 1801 by Revere Copper. In the year 2000, "slightly over 4 billion pounds of copper and copper alloys were used to produce a variety of semi-fabricated products in the United States. By 2016, this market had dropped by half to just over 2 billion pounds."[27] Thirty percent of Revere Copper's customers in the United States have disappeared since the year 2000 as entire finished-goods supply chains moved to China.[28]

Thankfully, 301 tariffs on imports of copper and copper products from China, as well as machines and machine parts from China, helped secure renewed interest in domestic sourcing.

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[26] Jesse Pound, "CEO of US steelmaker Nucor: We're 'very pleased' with the results of Trump's tariffs", CNBC, July 19, 2019, *available at* https://www.cnbc.com/2019/07/19/nucor-ceo-john-ferriola-says-very-pleased-with-trump-steel-tariffs.html

[27] Testimony of Brian O'Shaughnessy, Chairman of Revere Copper Products, Inc., before the United States Trade Representative Section 301 Tariffs Public Hearing, August 5, 2019, *available at* https://ustr.gov/sites/default/files/enforcement/301Investigations/0805USTR.pdf

[28] Dale Buss, "Manufacturers Brighten At Prospects For Anti-China Actions", Chief Executive (May 5, 2021), *available at* https://chiefexecutive.net/manufacturers-brighten-at-prospects-for-anti-china-actions/

This renewed demand helped facilitate Revere Copper's investment in two new large capacity projects to boost copper output in the United States.[29] A notable challenge, however, is China's aggressive purchases of scrap copper, which drives up the cost of making products with copper in the United States.

Metal Products, Machines and Machine Parts

A major beneficiary for many of 301 tariffs imposed throughout Chapters 75 to 85 of the HTSUS has been custom fabricators, foundries, machinists, and jobbers. These types of businesses have historically been overlooked in trade policy. This is because rather than manufacturing specific products categorized in the HTSUS, they build wide varieties of custom, to-specification products for their customers. Their diverse range of capabilities, as opposed to a steady product catalog, means custom fabricators regularly get overlooked when domestic industry is polled on trade issues. Atlas Tool, located in Illinois, makes components for machinery for a wide variety of finished goods OEMs in sectors ranging from healthcare to aerospace. The 301 tariffs have helped Atlas Tool and other custom fabricators immeasurably.

Residential appliances, as well as Heating, Ventilation, and Air Conditioning (HVAC) equipment, are two finished good product sectors in particular where tariffs have supported domestic producers and driven new domestic investment. Prior to the Section 301 tariffs, China was a major source of imported appliances, but since that time major new investments in the United States have been facilitated. This includes major investments by Samsung and LG, who began making residential washing machines domestically following our combined 301 tariffs and Section 201 safeguard tariffs.

[29] Kenneth Rapoza, "CPA Member Revere Copper to Massively Increase Copper Capacity", March 25, 2022, *available at* https://prosperousamerica.org/cpa-member-revere-copper-to-massively-increase-copper-capacity/

Vehicles

Had it not been for our 301 tariffs, hundreds of thousands of Made-in-China cars would be on American streets by now. As soon as the 301 tariffs were imposed, Ford announced that it was cancelling its plans to begin importing Made-in-China cars for the U.S. market due to the 301 tariffs.[30] SAIC Motor Corp., China's biggest carmaker by sales, halted its plan to begin exporting its own branded vehicles to the U.S. due to the 301 investigation.[31]

Volvo's parent company, Geely Automotive, also ceased exporting Made-in-China Volvo sedans to the U.S. market, and has since invested in a new assembly plant in South Caroline. The Volvo S60, which was previously made in China for the U.S. market, is now assembled in the United States.[32]

The Buick Envision proved that a 25% tariff, for vehicles, is on the cusp of being either sufficient to change sourcing decisions, or alternatively merely a revenue tariff. General Motors has continued to import the Buick Envision, built by SAIC in China, throughout application of 301 tariffs, and despite being denied an exclusion. A CPA analysis found that despite the additional 25% tariff, GM never increased the price of the Buick Envision for subsequent model years when the tariff was paid.[33] This is a high profile example of where "China paid the tariff", not U.S. consumers, thus proving an excellent source of revenue for the U.S. Treasury.

These tariffs have also been invaluable for U.S. businesses in the automotive supply chain. Large automakers are unwilling to publicly call for the continuation of these tariffs due to

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[30] Reuters Staff, "Ford cancels plan to sell Chinese-made vehicle in the United States", CNBC, Aug. 31, 2018, *available at* https://www.cnbc.com/2018/08/31/ford-cancels-plan-to-sell-chinese-made-vehicle-in-the-united-states.html ("Ford Motor has abruptly killed a plan to sell a Chinese-made small vehicle in the United States because of the prospect of higher U.S. tariffs, the head of the automaker's North American operations said Friday.")

[31] Bloomberg Staff, "China's Biggest Automaker SAIC Puts US Ambitions on Hold", Industry Week (April 19, 2017), *available at* https://www.industryweek.com/leadership/strategic-planning-execution/article/22013337/chinas-biggest-automaker-saic-puts-us-ambitions-on-hold

[32] Charles Benoit, "Volvo S60 and Buick Envision Showcase Usefulness of China Tariffs, *available at* https://prosperousamerica.org/volvo-s60-and-buick-envision-showcase-usefulness-of-china-tariffs/

[33] *Id.*

the size of the automotive market in China, and to the certain retaliation that awaits them. But there is no doubt that their U.S. factories and workers have benefited from Section 301 tariffs, and those tariffs should be continued.