

November 30, 2022

The Honorable Gina Raimondo
Secretary, Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Ambassador Katherine Tai
U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

**Re: Surge in Steel Conduit Imports from Mexico Requires Resumption of Sec. 232
Tariffs for Steel Conduit from Mexico**

Dear Secretary Raimondo and Ambassador Tai:

The Coalition for a Prosperous America (CPA) writes to request that the United States resume the 25 percent tariff for steel conduit from Mexico in response to the surge of steel conduit imports. This surge is a violation of Mexico's commitments in the May 2019 Joint Statement by the United States and Mexico on Section 232 Duties on Steel and Aluminum.¹

Removal of the 25 percent tariff for Mexico was conditioned on imports of steel articles from Mexico remaining stable at historical levels without meaningful increases. The commitment to American steel producers was: **"If surges in imports of specific steel and aluminum products occur, the United States may re-impose Section 232 tariffs on those products."**²

A surge is precisely what happened for steel conduit: **a 577% increase in steel conduit imports for 2022, compared to the baseline period of 2015 to 2017.**

Indeed, for steel conduit, the 2019 Joint Statement did nothing to stop the surge that was already underway. This is because while an import monitoring program was put in place for steel products, it was sidestepped in bad faith for steel conduit by three Mexican producers: Rymco S.A.³; Pytco and its subsidiary Quality Tube⁴; and La Metálica⁵.

Steel conduit from these producers was misclassified, out of Chapter 73 (7306.30.50.28) of the Harmonized Tariff Schedule of the United States ("HTSUS"), and into

Annual Imports of Steel Conduit from Mexico	
2015	9,226 tn
2016	14,591 tn
2017	12,402 tn
2018	18,650 tn
2019	27,711 tn
2020	51,993 tn
2021	61,655 tn

¹ https://ustr.gov/sites/default/files/Joint_Statement_by_the_United_States_and_Mexico.pdf

² <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/may/united-states-announces-deal-canada-and>

³ <http://www.rymco.com.mx/>

⁴ <https://qualitytube.com.mx/>

⁵ <http://www.tubosomega.com/nosotros/>

Chapter 85 (8547.90.00.20). For the Chapter 85 classification, the conduit would have to have been insulated, but it was not. It was the same product. U.S. Customs and Border Protection (CBP) came to this conclusion, by way of lab testing, agreeing that the product from Mexico had been incorrectly classified under the HTSUS. And while that particular misclassification was dealt with, it nonetheless resulted in a prolonged surge throughout 2020, 2021, and into 2022 – *see the red segments of the chart below*. And now, these producers have settled on another HTSUS number, using a catch all “Not Elsewhere Specified” Chapter 73 classification (7306.50.50.50).

Misclassification issues should not distract from urgently re-imposing the 25 percent tariff, across the above HTSUS codes and any other applicable codes.

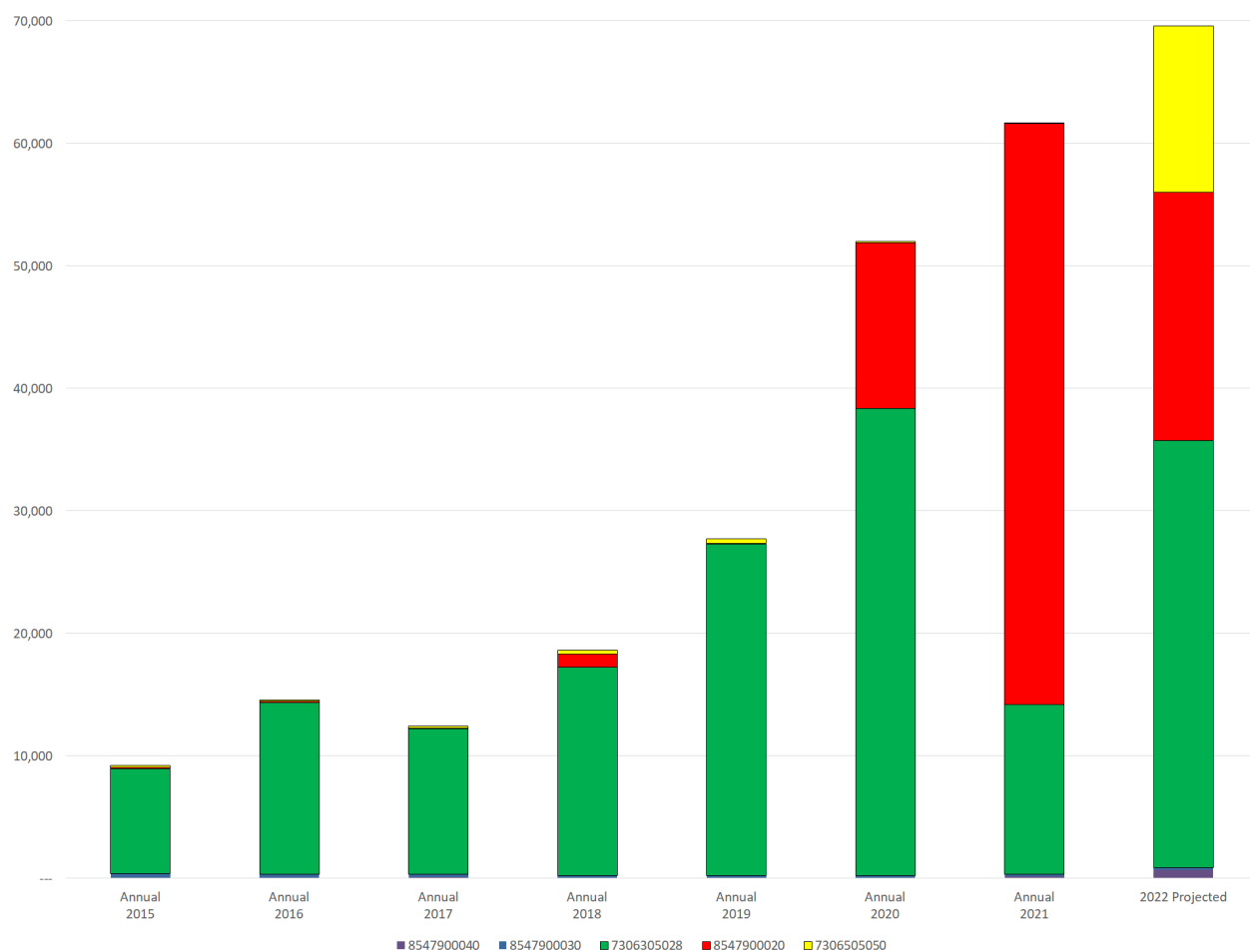


Figure 1: This chart demonstrates how the same steel conduit jumped around HTSUS codes to avoid showing a surge that would violate the 2019 Joint Statement.

What makes this particularly injurious is that the demand for steel conduit in the U.S. did not grow during this period, and more recently has actually been going down.

American workers and producers are suffering. Wheatland Tube, a steel conduit manufacturer, is closing its Long Beach, California factory and laying off 145 workers.⁶ The company cited surging Mexican steel conduit imports as the reason for the plant closure.⁷

Given this surge, we ask that the Administration use its authority under Section 232 to re-impose the 25 percent tariff on steel conduit imports from Mexico, ensuring coverage of the tariff codes listed above.

Thank you for your consideration.

Sincerely,



Zach Mottl, Chairman
Coalition for a Prosperous America



Michael Stumo, CEO
Coalition for a Prosperous America

⁶ <https://lbbusinessjournal.com/news/steel-conduit-manufacturer-to-close-long-beach-plant-lay-off-145-workers>

⁷ *Id.*