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Submitter Information

Submission ID

USTR-2022-0014-00034546

Are you a third party, such as a law firm, trade association, customs broker, worker, or union representative submitting on behalf of an organization or industry?

Yes

Organization Name

American Wire Producers Association (AWPA)

Third Party Organizational Type

Law Firm

Commenter First Name

Kimberly

Third Party Firm, Association Name

Vorys Sater Seymour and Pease LLP

Commenter Last Name

Young

Third Party Representative

Kimberly R. Young

Does your business meet the size standards for a U.S. small business as established by the Small Business Administration?

Yes

Please report the number of employees your business employs in the United States.

22,000

A. Economy-wide Comments

Do you have views regarding the actions at an economy-wide level?

No

B. Sector-Specific Comments

Do you have views regarding a specific sector or industry?

Yes

C. Comments on Tariff Headings

Do you have views on a tariff heading currently covered by the actions (List 1, 2, 3, and 4A)? No

Do you have views on modifying the actions to include additional goods not currently covered by the actions and List 4B? No

Additional Information

Sector/Industry Specific Comments

Entry 1

Please describe the sector or industry of the U.S. economy upon which you wish to comment. Additional sectors or industries can be entered at the end of this section.

These comments are submitted on behalf of the members of the American wire industry, manufacturers of carbon, stainless, and other alloy steel wire and steel wire products, described in Attachment A.

If you are aware of the primary North American Industry Classification System (NAICS) code associated with the sector you wish to comment on, please provide below. Please provide a 3- to 6-digit code. If unknown, indicate unknown.
331222

The extent to which goods within the sector or industry are or are not subject to the actions.

The goods identified in question 10 are subject to Section 301 actions – specifically Lists 3 and 4A. Please see listed codes in Attachments 3 and 4.

Whether the actions – as applicable to goods within the sector or industry – are effective in obtaining the elimination of or in counteracting China's acts, policies, and practices related to technology transfer, intellectual property, and innovation?

The Section 301 actions (tariffs) have been effective. See Attachment A and Attachment 6.

Whether other actions that could be taken under Section 301 – as applicable to goods within the sector or industry – would be effective in obtaining the elimination of or in counteracting China's acts, policies, and practices related to technology transfer, intellectual property, and innovation?

Tariffs are the most effective action. Reliance on China to reform its economic policies and programs is misplaced. USG has pressed China to make reforms since accession to WTO in 2001, and there has been no meaningful reform. See Attachment 5.

The effects of the actions, or other actions that could be taken under Section 301, on the industry or sector, including effects on consumers of goods within the industry or sector. Your response to this question may consist of, or be supplemented by, the more specific questions below.

As the result of the actions (tariffs), imports of steel wire and products have declined, benefitting the U.S. industry. There are multiple domestic producers of steel wire and wire products, ensuring availability and a competitive environment for customers.

The effects of the actions or other actions that could be taken on domestic manufacturing within the sector or industry, including in terms of capital investments, capacity and production levels, industry concentration, and profits? To the extent possible, please quantify any changes.

There are multiple domestic producers of steel wire and wire products, ensuring availability and a competitive environment for customers. Many AWPAs members have increased capacity and production of these products since the imposition of the Section 301 actions (tariffs).

The effect of the actions or other actions that could be taken on U.S. workers within the sector or industry, including with respect to the level of employment and wages? To the extent possible, please quantify any impacts.

AWPA members have hired additional workers to meet the increased demand for domestic products.

The effect of the actions or other actions that could be taken on U.S. small businesses within the sector or industry?

Many members of the wire and wire products industry are small businesses, and they have benefitted from the Section 301 tariffs.

The effect of the actions or other actions that could be taken in terms of shifting supply chains for the sector or industry away from China?

Section 301 tariffs have shifted supply chains from China to domestic sourcing as U.S. producers of steel wire and wire products have increased their production of these products.

The effect of the actions or other actions that could be taken on supply chain resilience within the sector or industry, including inventory practices and lead times for upstream intermediate inputs and capital equipment?

The most effective means of improving and maintaining supply chain resilience in this sector are the Section 301 actions (tariffs) which benefit the domestic producers of steel wire and wire products.

The effects of the actions or other possible actions on U.S. supply chain resilience or the goals of U.S. critical supply chains outlined in Executive Order 14017 and in subsequent reports and findings?

Not applicable.

The effects of the actions or other actions that could be taken on consumers of goods within the industry or sector, including with respect to prices and product availability?

Multiple domestic producers and robust competition mean that U.S. consumers of steel wire and wire products are not adversely impacted with regard to prices and product availability as the result of the actions (tariffs).

Public Attachments

USTR-2022-0014-00034546-CAT-2277-Public Document	↓(/sfc/servlet.shepherd/document/download/0693d0
USTR-2022-0014-00034546-CAT-2281-Public Document	↓(/sfc/servlet.shepherd/document/download/0693d0
USTR-2022-0014-00034546-CAT-2278-Public Document	↓(/sfc/servlet.shepherd/document/download/0693d0
USTR-2022-0014-00034546-CAT-2279-Public Document	↓(/sfc/servlet.shepherd/document/download/0693d0
USTR-2022-0014-00034546-CAT-2280-Public Document	↓(/sfc/servlet.shepherd/document/download/0693d0

AMERICAN WIRE PRODUCERS ASSOCIATION

January 15, 2023

Section 301 (China)
Docket Number USTR-2022-0014

Ambassador Katherine Tai
United States Trade Representative
Office of the United States Trade Representative
600 Seventeenth Street, NW
Washington, DC 20508

Attention: Philip Butler and Megan Grimball
Associate General Counsels
Office of the United States Trade Representative

Re: *Request for Comments in Four-Year Review of Actions Taken in the Section 301 Investigation: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation – Comments on Behalf of American Wire Producers Association*

Dear Ambassador Tai:

On behalf of the American Wire Producers Association ("AWPA"), we submit this letter and attachments in support of the AWPA's request for the continuation of Section 301 actions in the form of tariffs on imported steel wire and wire products from China.

The AWPA has 84 members, consisting of Active Members who produce carbon, stainless, and other alloy steel wire and wire products; Associate Rod Supplier Members who supply Active Members with wire rod inputs; and Associate Supplier Members who provide AWPA Active and Associate Rod Supplier Members with machinery, lubricants, and other materials essential to the production of steel wire and wire products. Some of the Associate Rod Supplier Members also manufacture downstream steel wire and wire products. AWPA members employ more than 22,000 workers at 215 facilities in 35 states, contributing to the economic well-being of communities throughout the United States. **Attachment 1** lists the members of the AWPA.

Previously, the AWPA supported the decisions of the United States Trade Representative (USTR) to include steel wire and wire products in the coverage of the actions on China. At that

time, the AWPAs provided comments which also included a list of the products as well as the subheadings under the Harmonized Tariff Schedule of the United States (“HTSUS”) for these products. There are more than 100 separate HTSUS subheadings for these products at the 8-digit level. Please see **Attachment 2**.

Steel wire and wire products include carbon, stainless, and other alloy steel wire; wire rope and strand; wire cloth, grill, netting, and fencing; chain; nails and staples; fasteners; springs; and steel wire garment hangers. These products are also listed in **Attachment 2**.

Steel wire products are included in List 3 of the products from China which are subject to Section 301 action, currently a tariff of 25 percent *ad valorem*. Please see **Attachment 3**. Carbon, stainless, and other alloy steel wire is included in List 4A of the products from China which are subject to Section 301 action, currently a tariff of 7.5 percent *ad valorem*. Please see **Attachment 4**. The AWPAs urge the USTR to make the tariff rate for wire correspond to the tariff rate for wire products. The disparity in tariff rates could result in greater volumes of wire imports as Chinese producers promote exports of products with a lower tariff rate.

The AWPAs and its members respectfully urge the USTR to continue the Section 301 actions in the form of tariffs on imports of these products from China. They are value-added products that China promoted through mercantilist export tax and value added tax rebate schemes, subsidy programs, and currency manipulation. In numerous reports to the U.S. Congress, the USTR noted that China’s illegal trade practices have encouraged the exportation of certain finished products — “particularly wire products”—while discouraging the exportation of semi-finished products and raw materials. Please see **Attachment 5**.

Specifically, in addressing China’s distortive border tax policies, the USTR has noted that:

China’s economic planners attempt to manage the export of many primary, intermediate, and downstream products by raising or lowering the VAT rebate available upon export and sometimes by imposing or retracting export duties. . . . These border tax practices have caused tremendous disruption, uncertainty, and unfairness in the global markets for the affected products – particularly when these practices operate to incentivize the export of downstream products for which China is a leading world producer or exporter such as steel, aluminum, and soda ash.

Typically, the objective of China’s border tax adjustments is to make larger quantities of primary and intermediate products in a particular sector available domestically at lower prices than the rest of the world, giving China’s downstream producers of finished products using these inputs a competitive advantage over foreign downstream producers. To accomplish this objective, China discourages the export of the relevant primary and intermediate products by reducing or eliminating VAT rebates and perhaps also imposing export duties on

them, resulting in increased domestic supply and lower domestic prices. China's downstream producers, in turn, benefit not only from these lower input prices but also from full VAT rebates when they export their finished products.

In some situations, China uses border taxes to encourage the export of certain finished products over other finished products within a particular sector. For example, in the past, China targeted value-added steel products, **particularly wire products** and steel pipe and tube products, causing a surge in exports of these products, many of which ended up in the U.S. market.

Attachment 5 at page A-14.

The USTR has also noted that, despite China's protestations that "its eventual goal is to provide full VAT rebates for all exports like other WTO members with VAT systems, . . . China has taken no steps to abandon its use of trade-distortive VAT export rebates and to adopt a trade-neutral VAT system." **Attachment 5** at page A-14.

Aided by such schemes, imports of Chinese steel wire and wire products surged into the United States. The addition of these products to the list of products subject to Section 301 actions has significantly moderated the influx of imported steel wire and wire products from China, enabling the U.S. industry to recapture market share and strengthen domestic supply chains. Please see **Attachment 6**. Indeed, tariffs are the most effective means to respond to China's illegal and disruptive trade practices, given the wide-ranging nature of its tax rebate schemes and subsidy programs and the number and diversity of U.S. manufacturers of steel wire and wire product who have been adversely impacted by these practices. As already shown in other proceedings, reliance on China to reform its economic policies and programs has proven ineffective. Although the United States has pressed China to make reforms since its accession to World Trade Organization in 2001, there has been no meaningful reform.

Further, the AWPAs submit that the actions on imports of Chinese wire and wire products are unlikely to cause disruptions to the U.S. economy because there is more than sufficient capacity in the U.S. wire and wire products industry to meet domestic demand. Such additional duties would also have the "lowest consumer impact" since U.S. consumers can meet their requirements from American-based sources rather than from other foreign suppliers. Consequently, additional duties on these wire and wire products from China would not and do not cause economic harm to U.S. interests.

Tariffs are the most effective action. Reliance on China to reform its economic policies and programs is misplaced. USG has pressed China to make reforms since accession to WTO in 2001, and there has been no meaningful reform.

Office of the United States Trade Representative

January 15, 2023

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The AWWPA and its members are grateful to the USTR for your consideration of our comments, and we respectfully ask that the Section 301 actions on steel wire and wire products from China – in the form of tariffs – be continued.

Sincerely,

/s/ *Brian E. Burr*

Brian E. Burr

President, AMERICAN WIRE PRODUCERS ASSOCIATION
and

President, SUMIDEN WIRE PRODUCTS CORPORATION