

**Statement**  
**Association for Print Technologies**  
**August 7, 2018**

**Submitted to**  
**House Ways and Means Committee Trade Subcommittee**  
**For the Record of the July 24, 2018 Hearing on**  
***Product Exclusion Process for Section 232 Tariffs on Steel and Aluminum***

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**Introduction**

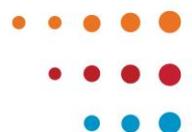
The Association for Print Technologies (APTech<sup>SM</sup>) is a U.S. trade association representing over 580 member companies that supply printing technologies to support the entire print value chain. We submit this statement for the record of the July 24, 2018 hearing of the Trade Subcommittee of the House Ways and Means Committee, which was focused primarily on the topic of the product exclusion process for Section 232 tariffs on steel and aluminum. This is a subject of high importance to APTech member companies, because the imposition of the 10 percent tariff on aluminum and 25 percent tariff on steel is having a damaging impact on their businesses, those of their direct customers and others down-stream in the print value chain.

In the context of these tariffs, a well thought out and efficiently functioning product exclusion process is imperative to avoid collateral economic harm stemming from these tariffs. Therefore, APTech thanks and commends Trade Subcommittee Chairman Reichert and Ranking Member Pascrell for their leadership in holding this hearing, and in pursuing improvements to the product exclusion process that is clearly not working well. We also acknowledge the interest and efforts of the other Subcommittee members.

**The Importance of Free and Fair Trade**

APTech fundamentally disagrees with the Section 232 steel and aluminum tariffs as a matter of U. S. trade policy in a globally integrated and interdependent system of commerce and manufacturing supply chains. The U.S. tariff on aluminum imported from Canada, Mexico and the European Union (EU), recently imposed by the Trump Administration on June 1, is damaging the United States printing industry, as well as its suppliers and customers, by increasing the cost of aluminum used to produce high quality lithographic printing plates that are widely relied upon for commercial printing.

When the proposed aluminum tariff, first announced on March 14, 2018 was held in abeyance APTech was optimistic that it would not be imposed, thus avoiding the harm it now brings. That optimism was sustained when agreements were reached with various countries that removed



their aluminum exports from being subject to the tariff. But regrettably, no such accommodation was achieved with Canada, Mexico or the European Union (EU). So now we are burdened with the extra cost of a 10% tariff on aluminum imported from those countries, the EU being the leading source of lithographic aluminum.

While APTech understands and applauds the Trump Administration's concern for American workers who are disadvantaged by unfair trade practices, and agrees with and supports the enforcement of U.S. trade laws designed to preserve free, fair trade and national security, we respectfully disagree with the imposition of the current Section 232 aluminum tariff, which we believe results in more economic harm than benefit when measured against the far greater number of firms and workers that use aluminum in manufacturing products than those who supply the raw material.

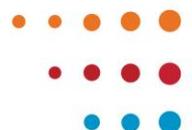
In addition to our general aversion to tariffs, APTech's objection to the current Section 232 aluminum tariff is compounded by the fact that according to our members there are no other domestic sources for the specific grade of aluminum necessary to produce high quality printing plates. This fact creates burdensome extra costs with no alternative, but we believe it also provides the predicate for printing plate manufacturers to qualify for exclusions from the tariff under the Commerce Department's announced protocol. While APTech itself is not a manufacturer eligible to seek such exclusions, we have met with Department of Commerce officials to better understand the exclusion process and its requirements, and to urge that exclusions be retroactive to June 1 when the tariff was imposed.

### **Section 232 Tariffs on Steel and Aluminum from the EU Should be Suspended**

Based on media coverage of the meeting between President Trump and EU Commission President Juncker on July 25, as well as reports since then, we are optimistic that there will soon be a rescission of the Section 232 tariffs on steel and aluminum imports from the EU, if not from all international sources. In the meantime, we appeal to this Subcommittee to urge the Trump Administration to at least suspend the Section 232 steel and aluminum tariffs while the U. S. and EU work to find a mutually agreeable accord on their trade relationship. A suspension would nearly, if not totally, eliminate exclusion requests for lithographic aluminum. Without one, we must continue to object to the harm being inflicted on the printing industry, its suppliers and customers, while these tariffs remain in effect. Moreover, we strongly disagree with some characterizations that this is a small price to pay to achieve a larger benefit. It isn't a small price when you are the one paying it. And many of those paying it in the printing industry are small businesses that can least afford it, and who would be much better served using their resources to grow their businesses rather than paying tariffs.

### **The Urgent Need to Improve the Product Exclusion Process**

While completely rescinding or at least suspending the Section 232 steel and aluminum tariffs would be best, until either occurs we must proceed under the existing facts. Currently those facts are that out of a total universe of 2,575 aluminum exclusion requests at this date, there are 345



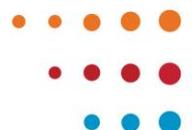
from APTEch members for lithographic aluminum, which account for 13.4% of all aluminum exclusion requests. Unfortunately, no decisions have yet been rendered on these requests. We have heard that Section 232 steel tariffs are also problematic for some of our members, but we have not yet been able to identify any steel tariff exclusion requests from APTEch members.

While we continue to monitor and analyze these data, the most glaring thing is that in both the cases of aluminum and steel only about 10% of exclusion requests have been decided. To borrow a phrase, like justice, exclusion requests delayed are exclusion requests denied, and tariffs continue to burden printing plate manufacturers and their customers. Therefore, to improve its fairness, veracity and efficiency, APTEch recommends that the exclusion process should:

- Ensure due process, including adequately documenting the basis upon which a request is either granted or denied, and providing an appeals process from the decision
- Ensure more timely and efficient processing of exclusion requests
- Exempt international steel and aluminum orders placed before the imposition of tariffs and quotas.
- Consolidate exclusion requests by project or purchase order rather than requiring individual filings for nearly identical products.
- Recognize and respect technical product specifications provided by companies' exclusion requests.
- Remove quotas that block access to steel and/or aluminum at any cost.

In addition to these general recommendations, APTEch submits for the record the following questions that have arisen as suppliers of aluminum printing plates have pursued exclusion requests with DOC.

1. Is there an appeal process if an exclusion request is denied?
2. How much explanation will be provided by the DOC for a denied or approved exclusion request?
3. Since this is an annual reprocess, will companies have to replicate the process and file individual exclusion requests each year, or will there be a separate "extension" process?
4. How will customs handle the importation of materials if a company is only granted partial exclusion of their materials, and will there be reporting requirements?
  - a. If a company is granted an exclusion, we believe the exclusion number to be filed with customs at the time of importation will be 'ALU' followed by the last 6 digits of the specific docket number for each exclusion request. This allows us to file our import declaration at the material number since each material has its own docket number. However, that is direction for our electronic filing with Customs. With that stated, are there import documentation requirements that will need to be



in place for this as well?

b. Note from Customs is shown below:

*Importers and filers importing products granted an exclusion should submit the product exclusion number based on the last six digits of the product exclusion docket number at Regulations.gov. The product exclusion number should be submitted in the Importer Additional Declaration Field (54 record) of the entry summary data, based on the following format:*

*For excluded steel mill articles -STLXXXXXX*

*For excluded aluminum articles= ALUXXXXXX*

### **Section 232 Steel and Aluminum Tariffs in Context**

Finally, we would be remiss if we failed to note that the Section 232 steel and aluminum tariffs aren't affecting the printing industry in a vacuum. Rather, they come at the same time the industry is reeling from unwarranted and debilitating countervailing and anti-dumping duties on Canadian uncoated groundwood paper, and the imposition of tariffs on certain Chinese imports, including some printing technologies. To be sure, these other tariffs, which are also taxes on U. S. businesses and consumers, are imposed by authority of other laws. But, there is no denying that they are part of the overall challenging context in which U. S. printers, their technology suppliers and customers find themselves right now.

### **Conclusion**

APTech appreciates the opportunity to submit this statement and stands ready to work with the Trade Subcommittee to improve the Section 232 steel and aluminum tariffs product exclusion process.

