

RALPH NORMAN  
5TH DISTRICT, SOUTH CAROLINA  
569 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-4005  
(202) 225-5501  
454 S. ANDERSON ROAD  
SUITE 302B  
Rock Hill, SC 29730

Congress of the United States  
House of Representatives  
Washington, DC 20515-4005

COMMITTEES  
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FINANCIAL SERVICES  
COMMITTEE ON  
BUDGET

May 15, 2023

The Honorable Jason Smith  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Adrian Smith  
Chairman  
Subcommittee on Trade  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chair Jason Smith and Chair Adrian Smith:

I am writing to request that you quickly take the necessary steps to ensure the restoration of lapsed Miscellaneous Tariff Bill (MTB) provisions, including passing a new MTB as soon as possible. As you are aware, the MTB temporarily eliminates tariffs on imported materials that are either not made in the United States at all or are not available in sufficient quantities in order to boost American competitiveness. However, the MTB and its suspension of tariffs expired at the end of 2020.

I applaud your desire to hold various congressional field hearings around the country so that the Committee on Ways and Means can better appreciate the needs of and issues facing everyday Americans. I urge you to hold a similar field hearing in South Carolina's 5<sup>th</sup> congressional district to fully understand the urgent need for the passage of a new MTB.

The MTB provides critical support for businesses throughout my district by ensuring they are not unnecessarily disadvantaged compared to foreign competitors when sourcing vital manufacturing components. For example, one of my constituents, Element Electronics, relies on the MTB to level the playing field when competing against imports from Mexico. Element is the sole remaining liquid crystal display (LCD) television producer in the United States. Located in Winnsboro, South Carolina, Element competes against imports of LCD televisions from Mexico, which enter the US duty-free. The LCD panels required for Element's televisions are not produced in the US; thus, Element has no choice but to import the panels. While Mexican producers of the same televisions pay no tariffs on their imports of LCD panels, Element is subject to a tariff, which acts as a tax, of 4.5 percent. This tariff inversion, in which U.S. tariffs are higher on the imports of the inputs used to make the finished product than the tariffs on the imported finished product itself, not only creates a perverse incentive to import finished televisions rather than make them at home in the U.S., but it also puts Element at a significant disadvantage compared to their Mexican competitors. With the MTB in place, which suspended the tariff on the imported LCD panels and eliminated the artificial competitive disadvantage, Element had been able to successfully compete against imports from Mexico. However, due to the lapse of the MTB, Element has been forced to drastically reduce its production and has cut its employment by over half.

The MTB has benefited numerous other manufacturers throughout my district. Nation Ford Chemical (NFC), located in Fort Mill, South Carolina, is a small, family-owned specialty chemical manufacturer that has been in business for over 45 years and employs approximately 80 individuals. NFC manufactures products that impact the daily lives of Americans in countless ways. One of the products is called PANA, an additive used in jet engine lubricants. Their molecules are in the engines of every commercial and military jet in our skies. For one raw material that is imported to manufacture PANA, NFC spent nearly \$500,000 on duties alone in 2022 due to the lapse of the MTB. NFC currently competes with Far East imports on sales of PANA and was able to expand sales in the domestic and global market when these tariffs were eliminated by the MTB in 2018, which allowed them to expand production and employ four additional people. However, with the additional tariffs that have since been passed on to customers, NFC has lost these new customers, potentially requiring the company to decrease production and eliminate two of the four positions and other supporting jobs. NFC is also the sole domestic producer of colorants for the M-18 smoke canisters used by the U.S. Army. If NFC were no longer in business, these products would be manufactured and imported from the Far East. Since NFC has fixed, long-term contracts with the U.S. Army to produce smoke dyes, they cannot raise prices to offset the tariffs, causing economic hardship to the company. If a new contract is awarded by the Department of Defense, the tariffs NFC pays would then be added to the cost to the government. This is an inefficient practice and ties up funds unnecessarily.

Domtar, another major corporation located in Fort Mill, South Carolina, is the largest manufacturer of copy paper in North America and the third largest producer of pulp in the world. Domtar's thermal paper uses a product called OBD that can only be sourced outside of the United States. Since the expiration of the MTB, Domtar's cost to produce this product has increased by \$2 million. The reinstatement of the MTB would help level the playing field and the cost to produce this product for Domtar.

These companies throughout South Carolina's 5<sup>th</sup> congressional district serve as just a few of the excellent examples of how the MTB supports value-added manufacturing and good-paying jobs. Therefore, I respectfully urge you to provide much-needed relief to domestic manufacturers who have been unnecessarily burdened by the extended lapse of the MTB, and I encourage you to hold a congressional field hearing in South Carolina to ensure the rapid renewal of the MTB. Thank you for your consideration of this request. Please do not hesitate to contact my office if I can provide any additional information.

Sincerely,



Ralph Norman  
Member of Congress