

NATION FORD CHEMICAL

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Testimony for Public Hearing
United States House Committee on Ways and Means
Miscellaneous Tariff Bill Subcommittee
April 14, 2016

Brooke DiDomenico
2300 Banks St
Fort Mill, SC 29705

Re: Comment of Nation Ford Chemical Regarding Impact of MTB Legislation
on Competitiveness and Growth

Good afternoon committee members, my name is Brooke DiDomenico. I am a chemical engineer and production manager at Nation Ford Chemical. We are a specialty chemical manufacturer located in Fort Mill, South Carolina. I am here on behalf of my company, along with other domestic manufacturers and ask for your support in passing a revised process to allow manufacturers to petition for the removal of import tariffs on items not available to us from domestic sources. We are active members of both the National Association of Manufacturers (NAM) and the Society of Chemical Manufacturers and Affiliates (SOCMA), both of which also support passing the Miscellaneous Tariff Bill (MTB).

NFC is a small, family owned chemical producer. We have been in business for over 35 years and employ approximately 100 individuals in our facility. My plant produces products that impact the daily lives of Americans in countless ways ranging from intermediates that are consumed in the USA, to production of dyes that are used to color the food you eat and brighten the paper you write on, as well as a variety of other specialty chemicals, plastics and naturally derived products that are sold both here and abroad. NFC is the sole domestic producer of colorants for the M-18 smoke canisters used by the US Army and PANA, an additive used in jet engine lubricants that is literally in every jet aircraft flying today, both military and commercial use. If NFC were no longer in business, these products would be manufactured and imported from the Far East. As a toll manufacturer, many customers rely on NFC to make over 100 specialty products that are only made at our plant. Many US companies have shut-down because of unfair competition from the Far East. The MTB is one step to help level the playing field.

NFC, by necessity, must import some of the chemicals we need to support our production. Prior to the expiration of the previous MTB at the end of 2012, NFC has historically filed requests for several raw materials to be included in the MTB. The elimination of these duties has a large impact on the ability for our company to compete against imported goods. We currently spend over \$100,000 annually on these duties,

which is money that would have been reinvested in the company for growth and job creation. Domestic manufacturing as a whole has faced an annual tax hike of almost \$750 million and over a \$1.8 billion economic loss to the US economy, according to analysis by the NAM.

One specific example is the import of Dianil, which is a raw material used to manufacture a purple pigment at our facility. The pigment, called Violet Pigment 23 is manufactured at our plant in Fort Mill, SC under a Toll Agreement for Sun Chemical. Because of the expiration of the MTB, up to \$600,000 annually will be paid in duties on Dianil alone. Since Sun purchases the raw material, this impact is in addition to the \$100,000 I referenced for NFC purchased raw materials. Therefore, the higher import duties affect not only NFC, but also Sun Chemical and their downstream customers. This product has a very low profit margin, and the addition of these duties has made it even harder for us, the only domestic manufacturer of this important colorant to compete against imported Violet Pigment 23. The elimination of the tariff on imported Dianil would allow NFC and Sun Chemical to be more competitive with Violet Pigment product that is currently being imported from foreign producers. This imported volume could all be manufactured domestically at our plant if we were able to lower the price.

Since the MTB is only applicable to materials that are not manufactured domestically or available in sufficient quantities, it would not have a negative effect on domestic manufacturers. The MTB package considered by congress in 2010 was estimated to support 90,000 domestic manufacturing jobs, increase U.S. production by \$4.6 billion and expand U.S. GDP by \$3.5 billion.

NFC therefore strongly urges the Ways and Means Committee to support the Miscellaneous Tariff Bill.

Thank you for your time and consideration.

Sincerely,

Brooke DiDomenico