



August 5, 2019

Via Regulations.gov

The Honorable Robert Lighthizer
U.S. Trade Representative
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Request for Public Comment Concerning Enforcement of U.S. WTO Rights in Large Civil Aircraft Dispute [Docket No. USTR-2019-0003]

Dear Ambassador Lighthizer:

The Motor & Equipment Manufacturers Association (MEMA) respectfully submits these comments regarding the Office of the United States Trade Representative July 5 request for comment on the list of additional \$4 billion in products imported from the European Union “subject to increased duties in connection with the enforcement of U.S. rights in the WTO (large civil aircraft) dispute against the EU”. Specifically, we are concerned about inclusion of 10 tariff lines of copper alloy products on the list (7407.10.50-7410.11.00).¹ Tariffs of 100 percent on these items would be highly problematic to the vehicle supplier sector.

MEMA represents over 1,000 companies that manufacture motor vehicle parts for use in the light- and heavy-duty vehicle original equipment and aftermarket industries.² Suppliers are part of a complex, global, multi-tiered supply chain providing materials, components, and systems for a wide range of vehicles – from passenger cars to commercial trucks – from new original equipment to aftermarket parts.

MEMA understands that the U.S. government has requested the authority from the WTO to retaliate against the EU for not fully ending subsidies of large civil aircraft with countermeasures worth \$11.2 billion per year. The U.S. initially requested a potential 100 percent tariff retaliation on \$21 billion in products imported from the EU on April 12. The April and July lists combined is about \$25 billion in imports subject to potential tariff retaliation. That gives the room to withdraw many currently listed items from retaliation consideration and MEMA urges that all 10 tariff lines of copper alloy products be withdrawn. (See Attachment).

These critical tariff lines should be withdrawn because U.S. alternatives are not being manufactured to the standards necessary for public safety, not available in necessary quantities or not available at all. The fact is that the U.S. does not produce copper-based alloys at the levels necessary for use by key manufacturing sectors, like vehicle and vehicle parts manufacturers, as well as aerospace, defense, medical and others. Specific alloys that are not available at quantities to supply these key sectors including: oxygen-free alloys, phosphor bronze, and copper tin alloys. Many of these specialized products are solely produced in the EU.

¹ 84 Fed. Reg. at 32248

² MEMA represents its members through four divisions: Automotive Aftermarket Suppliers Association (AASA); Heavy Duty Manufacturers Association (HDMA); Motor & Equipment Remanufacturers Association (MERA); and, Original Equipment Suppliers Association (OESA).



These materials are manufactured into components used in final motor vehicle assembly of vehicle manufacturers. In addition, seven of these 10 HTS lines are already protected by tariffs ranging from 3 to 20 percent. The bottom line is that production of products using these inputs could shift overseas, if tariffs are implemented.

A range of Tier 1, Tier 2 and Tier 3 vehicle parts manufacturers use copper alloy inputs in the production of their components and subcomponents. Larger Tier 1 suppliers might be able to absorb the impact of these tariffs to a degree. However, small- and medium-sized Tier 2 and Tier 3 suppliers are particularly susceptible to increased costs, squeezed margins, and added burdens. MEMA appreciates that the Trump Administration is committed to encouraging manufacturing in the United States. Nevertheless, an unintended consequence of these copper alloy tariffs could be the disappearance of an important sector of vehicle component manufacturing.

Our U.S. industry will face uncertainty in a key vehicle parts manufacturing sector caused by these tariffs. That uncertainty, coupled with increased costs and constrained access, could push away research and development and production of new technologies in the copper alloy product sector from the U.S. to our competitors. Vital high wage manufacturing jobs could be lost, as well as an important industrial base.

Most of the other proposed tariffs in retaliation for the EU's failure to fully implement this major WTO decision, would not adversely impact U.S. manufacturing. It would be unfortunate if restrictions on copper alloy product imports would undermine vehicle suppliers' job creation, investments and innovation in the United States.

Please contact Bill Frymoyer via email at bfrymoyer@mema.org, if there is any additional information MEMA can provide on this important topic.

Sincerely,

A handwritten signature in black ink that reads "Ann Wilson". The signature is fluid and cursive, with the first name "Ann" and the last name "Wilson" clearly legible.

Ann Wilson
Senior Vice President
Government Affairs

1 Attachment

Attachment

10 HTS Codes Facing Potential 100% WTO Large Civil Aircraft Retaliation Tariffs That Would Adversely Impact the U.S. Vehicle Parts Manufacturers

MEMA urges that all 10 tariff lines of copper alloy products should be withdrawn.

HTS CODE	DESCRIPTION
7407.10.50	Refined copper, bars and rods.
7407.21.90	Copper-zinc base alloys (brass), bars & rods nesoi, not having a rectangular cross section.
7409.11.50	Refined copper, plates, sheets and strip, in coils, with a thickness over 0.15mm but less than 5 mm.
7409.21.00	Copper-zinc base alloys (brass), plates, sheets and strip, in coils.
7409.29.00	Copper-zinc base alloys (brass), plates, sheets and strip, not in coils.
7409.31.50	Copper-tin base alloys (bronze), plates, sheets and strip, in coils, with a thickness o/0.15mm but less than 5mm & a width of 500mm or more.
7409.31.90	Copper-tin base alloys (bronze), plates, sheets and strip, in coils, w/thickness o/0.15mm but less than 5mm & a width of less than 500mm.
7409.40.00	Copper-nickel base alloys (cupro-nickel) or copper-nickel-zinc base alloys (nickel silver), plates, sheets and strip, w/thickness o/0.15mm.
7409.90.90	Copper alloys (o/than brass/bronze/cupro-nickel/nickel silver), plates, sheets & strip, w/thick. o/0.15mm but less th/5mm & width less 500mm.
7410.11.00	Refined copper, foil, w/thickness of 0.15 mm or less, not backed.

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