



AmericanCoatings
ASSOCIATIONSM

April 29, 2022

The Honorable Chuck Schumer
Democratic Leader
Chairman of the Conference
United States Senate
322 Hart Building
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
United States Senate
S-230, The Capitol
Washington, DC 20510

Dear Leader Schumer:
Dear Leader McConnell:

On behalf of the American Coatings Association (ACA) and the more than 315,000 employees in the paint and coatings industry, I write in strong support of bipartisan efforts in Congress to advance policies to strengthen the ability of American workers and companies to compete globally, including with China.

As you may know, ACA is the premier trade association dedicated to advancing the interests of the coatings industry and represents paint and coatings manufacturers, suppliers, distributors, and technical professionals. Many of today's paints and coatings may go unnoticed by the consumer, but they play immeasurably valuable roles in delivering high-quality foodstuffs, durable goods, housing, furniture, and thousands of other products to market.

As Congress begins the conference process to reconcile the differences between the America COMPETES Act and the U.S. Innovation and Competition Act (USICA), ACA requests your support of the following:

A robust Miscellaneous Tariff Bill (MTB) with full retroactivity

The MTB temporarily eliminates and reduces border taxes on a set of products that are not produced at all or in sufficient capacity in the United States. This "finding" is the result of a transparent and rigorous process undertaken by the United States Trade Administration. Since the previous MTB expired at the end of December 2020, manufacturers and other businesses have been paying millions of dollars in anti-competitive tariffs.

The MTB is an important piece of legislation for the coatings industry because many raw materials are not available in the United States. It is critical that Congress pass a

comprehensive MTB into law with full retroactivity. Congress must also renew the American Manufacturing Competitiveness Act of 2016 to retain both a process that includes robust analysis of a broad range of MTB petitions by the U.S. International Trade Commission and other U.S. government agencies, as well as Congress's ability to object to the inclusion of individual MTB petitions.

American consumers are currently paying directly and/or indirectly hundreds of millions of dollars each year in government-imposed import taxes on products not made or available in the United States. This is crippling our economy and the manufacturing sector that supports it.

Support for the MTB, as included in the U.S. Innovation and Competition Act of 2021 and in the House-passed America Competes Act of 2022 is essential for American manufacturing, including the coatings industry. A robust Miscellaneous Tariff Bill with full retroactivity should be included in the final version of this legislation.

Inclusion of the full \$52 billion for CHIPS for America Act

ACA fully supports the inclusion of the Creating Helpful Incentives to Produce Semiconductors for America Act (CHIPS for America Act), bipartisan legislation that would invest tens of billions of dollars in semiconductor manufacturing incentives and research initiatives over the next 5-10 years to strengthen and sustain American leadership in chip technology. The semiconductor industry is critical to our country's economy and national security and coatings manufacturers are pleased to be suppliers to this critical industry.

Coatings are essential to the semiconductor industry as these vital commodities requires specialized coatings for each component of a 'chip.' These coatings have been developed for improved density, performance, and miniaturization for optimum use in a wide variety of commodities like computers, phones, and electric vehicles (EVs). With global production of EVs currently around two million and expected to surpass 10 million by 2025¹, Congress must ensure a robust domestic semiconductor manufacturing industry to secure America's economy.

Funding to improve our nation's supply chains

The coatings industry is experiencing widespread allocation of raw materials from suppliers across the globe. Supply chain issues are compounded by the significant delays in rail, highway, and ocean transport. All modes of transportation are suffering breakdowns that are resulting in delayed delivery, or in some cases, no delivery at all. The impact on the coatings industry is significant and can result in the inability to produce paints and coatings for a wide spectrum of end uses. In severe cases, manufacturing facilities may have to suspend operations until raw materials can be supplied. These delays not only affect our industry, but related industries as well. For instance, there are

¹ Products Finishing Magazine, January 12, 2021: : <https://www.pfonline.com/articles/coatings-drive-electric-vehicles-further>

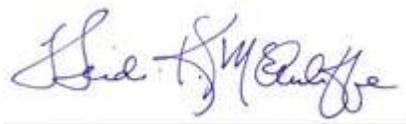
significant delays in the closing of new home construction due in part to the reduced supply of building products, including paint and coatings.

The paint and coatings industry contributes over \$27 billion to the U.S. economy. Every single manufacturing process that results in the production of a non-liquid product includes a process for coating the finished good, making the coatings industry an integral part of and partner to the larger manufacturing industry. Our members produce the coatings for life-saving equipment, defense applications like Chemical Agent Resistant Coatings, corrosion-resistant coatings for critical infrastructure, and wall paint for architectural projects as well as the floor finishes highlighted during March Madness. But these coatings can only be produced if the supply chain is healthy and robust.

USICA contains specific provisions to strengthen the supply chain and ensure resiliency without hampering American manufacturing with undue oversight and burdensome regulation. It is imperative that the supply chain issues are addressed and that opportunities for domestic production are incentivized.

Thank you in advance for your consideration of this request. Should you or your staff have any questions or require additional information, do not hesitate to contact me at hmcauliffe@paint.org.

Best regards,

A handwritten signature in blue ink, appearing to read "Heidi K. McAuliffe", is enclosed in a thin black rectangular border.

Heidi K. McAuliffe, Esq.
Vice President, Government Affairs