National Pork Producers Council
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Docket Number USTR-2024-0007: Proposed Modifications to the Section 301 Actions and Proposed Exclusion Process
June 27, 2024

Office of the United States Trade Representative
600 17th St NW
Washington, DC 20006

TO: Juan Millan, Acting General Counsel, Office of the United States Trade Representative

The National Pork Producers Council (NPPC) welcomes the opportunity to provide comments to the Office of the United States Trade Representative (USTR) in response to the Federal Register Notice (Document No. USTR-2024-0007) on Proposed Modifications to the Section 301 Actions and Proposed Exclusion Process.

NPPC represents 43 state producer organizations and the domestic and global interests of more than 60,000 U.S. pork operations. The U.S. pork industry is a major value-added enterprise in the U.S. agricultural economy and a significant contributor to the overall U.S. economy, producing high-quality, safe, and affordable pork. More than 500,000 American jobs are supported by U.S. pork production. U.S. pork exports sustain more than 155,000 of these jobs. In any given year, the U.S. pork industry ships product to more than 100 countries. Exports contribute significantly to the bottom line of all U.S. pork producers, accounting for more than $64 – about a quarter – of value for each hog marketed in 2023. Last year, the U.S. pork industry exported 2.9 million metric tons of pork and pork products valued at over $8.2 billion.

Despite ongoing challenges – inflation, a strong U.S. dollar, the threat of African swine fever (ASF), lingering supply chain issues, and continuing retaliation from some of its trading partners – the U.S. pork industry continues to export a significant amount of pork. In fact, through April of this year, America's pork producers had shipped $2.9 billion worth of product to foreign destinations compared with $2.6 billion for the same period last year, a 10 percent increase.

Trade is vital to American pork producers, who have leveraged global market access opportunities to expand the U.S. industry. Exports of U.S. pork have increased almost every year for the past three decades generally because of improving economies and a rising middle class in countries around the globe. Another factor driving the increases is the emergence of robust hotel and restaurant industries in some nations, particularly as world travel has become relatively easier and more affordable. Protecting and expanding on current market access is crucial to the sustainability of the U.S. pork industry.

China is an important market for U.S. pork, with the country being the second-largest buyer of U.S. pork by volume and third by value. In 2023, nearly 465,000 metric tons of pork were exported to China valued at $1.24 billion. Additionally, the Chinese market is the top destination for U.S. pork variety meats and offal; the market purchases 54 percent of U.S. variety meat exports. While pork exports to China are significant, tension between the U.S. and China has put U.S. producers at a disadvantage in the largest global market for pork. Since the implementation of Section 232 and Section 301 tariffs on Chinese imports in 2018, China has imposed retaliatory tariffs on U.S. pork exports. As of 2024, U.S. pork exports to China face a 25 percent retaliatory tariff in addition to the most-favored-nation (MFN) tariff rate of 12 percent. Implementation of proposed modifications to Section 301 tariffs will jeopardize the exemption process to retaliatory tariffs implemented in 2020, which could lead to retaliatory duties reaching above 60 percent as seen prior to 2020.

U.S. producers not only are concerned about additional retaliatory duties being placed on U.S. pork exports to China but on the effects the 301 tariffs could have on key imported ingredients and inputs used in agricultural production. The U.S. pork industry relies on a significant number of critical ingredients, inputs, manufacturing equipment, and other products from domestic and foreign sources. Some important feed inputs, such as vitamins, minerals, and amino acids, are often imported from foreign suppliers, including China. There are limited sources outside of China for these critical inputs. Should these inputs be targeted by China, U.S. producers would have little recourse for diversifying their importers and could pose a food security threat.

We are also concerned about tariffs being placed on syringes, needles, and personal protective equipment (PPE) that often are used on farms to care for animals and to stop the spread of diseases. In 2024, the tariff rates on syringes and needles will increase from zero to 50 percent. For certain personal protective equipment (PPE), including certain respirators and face masks, the tariff rates will increase from 0–7.5 percent to 25 percent in 2024. Tariffs on rubber medical and surgical gloves will increase from 7.5 percent to 25 percent in 2026. The proposed increased tariff level for syringes and needles is 50 percent (compared with the current 0 percent tariff for all other PNTR countries). The HTS Codes being targeted are 9018.31.00 and 9018.32.00. The new tariffs would be implemented August 1, 2024.

Additionally, higher import costs for critical inputs are likely to be passed down to consumers and are certainly a threat to future supply chain resilience.

NPPC appreciates USTR's efforts to create a fair environment for American companies and workers by holding China accountable for its acts, policies, and practices and recognizes the U.S. government's concerns about the impacts of China's unfair practices on the U.S. economy. However, NPPC continues to respectfully oppose USTR's Section 301 policy. The Section 301 tariffs have been unsuccessful in encouraging the Chinese government to comply with key provisions in the U.S.-China Phase One Agreement, which has the potential to positively impact the U.S. economy, including the pork sector. Since the initial implementation of Section 301 tariffs in 2018, the U.S. agricultural sector, including the pork industry, has been disproportionately affected by China's retaliatory measures, additional non-science-based testing of product, and suspension and delistment of plants and cold storage facilities. NPPC urges USTR to reconsider the Section 301 policy, including tariff increases, and recommends the policy be discontinued because of the minimal impact on Chinese regulations and the economic impacts caused by China's retaliatory measures. As China maintains its Section 301 retaliatory tariffs, implementation of additional Section 301 tariffs could lead to the removal of current waivers to some retaliatory tariffs and additional import requirements disproportionately impacting U.S. pork.

Thank you for the opportunity to comment. Please do not hesitate to contact NPPC with any questions regarding this submission.

Sincerely,

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Vice President of Government Affairs