



May 11, 2018

Office of the U.S. Trade Representative
www.regulations.gov

REF: Docket Number USTR-2018-0005

On behalf of the more than 1,300 members of the recycling industry, I submit these comments for the Administration's review in consideration of imposing tariffs on a range of products from China under the Section 301 investigation into China's laws, policies, practices or actions pertaining to innovation and technology development.

The Institute of Scrap Recycling Industries (ISRI) counts among its membership producers, processors, consumers, traders and brokers of recyclable materials and over 400 equipment and service providers for the recycling industry. Our members are involved in recycling ferrous and nonferrous metals, recovered fiber and paper, plastics, tires and rubber, electronics, glass and textiles. All told, the U.S. recycling industry contributes more than \$117 billion to the U.S. economy and supports more than half a million direct and indirect jobs. The industry processes 130 million metric tons of materials each year, which is more than U.S. manufacturers can consume. Thus, more than \$17 billion of recyclable materials are exported to 150 countries, a trade surplus for the United States.

The industry utilizes a number of types of construction and infrastructure equipment to perform a range of recycling processes, including but not limited to sorting, cleaning, grinding, crushing and shredding material into commodities ready for use to manufacture new products. To process what amounts to an average 365,000 million metric tons of material per day can cause wear and tear on the machines and their parts. In some cases, such as in auto shredding operations, shredder parts must be replaced daily. For most companies, especially small and medium enterprises, such equipment turnover makes up a large percentage of their operating costs.

The vast majority of these parts – up to 85% for crushing and grinding parts, for example – are supplied from China. Adding a 25% import tariff on these parts would irreparably harm the competitiveness of the U.S. recycling industry and risk recycling and manufacturing jobs due to lower output and thus, fewer inputs to metal production and fewer exports of recyclable materials.

Furthermore, magnets are required by mixed metal processors, including auto shredders, to separate ferrous and nonferrous metals. Ferrous metals, such as iron and steel, are magnetic whereas nonferrous metals (aluminum, copper, zinc, stainless steel, etc.) are not magnetic. Such a simple piece of equipment means that greater volumes of these materials are recoverable and directed toward the appropriate metal production units. Unfortunately, as magnets are made from rare earth elements, the vast majority of which is mined in China, the recycling industry is dependent on Chinese sources for the majority of the magnets required in recycling operations.

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Therefore, we request that the Administration remove the following harmonized tariff codes from the list of products being reviewed for a 25% import tariff from China:

84749000 ... Parts for the machinery of heading 8474
84798955 ... Electromechanical appliances with self-contained electric motor, trash compactors
84798965 ... Electromechanical appliances with self-contained electric motor, nesi
84799045 ... Parts of trash compactors, frame assemblies
84799055 ... Parts of trash compactors, ram assemblies
84799065 ... Parts of trash compactors, container assemblies
84799075 ... Parts of trash compactors, cabinets or cases
84799085 ... Parts of trash compactors, nesi
85051910 ... Flexible permanent magnets, other than of metal
85052000 ... Electromagnetic couplings, clutches and brakes

Please contact me at (202) 662-8514 or aadler@isri.org if I can provide any additional information to support this request.

Sincerely,

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