

The background of the slide is a faded, textured image of the United States flag, showing the stars and stripes in a light, sepia-toned manner.

# **Summary of testimony**

**Office Of The United States Trade Representative  
Docket No. USTR-2018-0005**

**Submitted by:  
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# Description of Stainless Steel Keg

1/2 Keg



1/6 Keg



- Kegs are primarily made of stainless steel and less commonly made with materials such as aluminum or plastic. This request only addresses stainless steel kegs. Kegs are commonly referred to as “beer kegs” but are also used for wine, cider, coffee and kombucha.
- The stainless steel used in the kegs is commonly the 300 series austenitic grades. These include, but are not limited to, series designations 301 and 304.
- Currently, there are numerous sizes of stainless steel kegs that are imported from China at 0% tariff.

# Impact of Chinese Imported Stainless Steel Kegs

## **Request**

- We request that the Office Of The United States Trade Representative add Stainless Steel Kegs to the 301 Tariff list (Docket No. USTR-2018-005) with a 76% tariff.

## **Background**

- China stainless steel keg imports make up approximately 43% of the 1.5MM/year imported stainless steel kegs.
  - China imported approximately \$40MM of kegs into the United States in 2017
- There is only one remaining domestic stainless steel keg manufacturer (using domestic stainless steel) in the US.
- There is no specific USHTS code for stainless steel kegs. Most kegs are imported under USHTS 7310.29.0050 and 7310.10.0010.



# Impact of Chinese Imported Stainless Steel Kegs

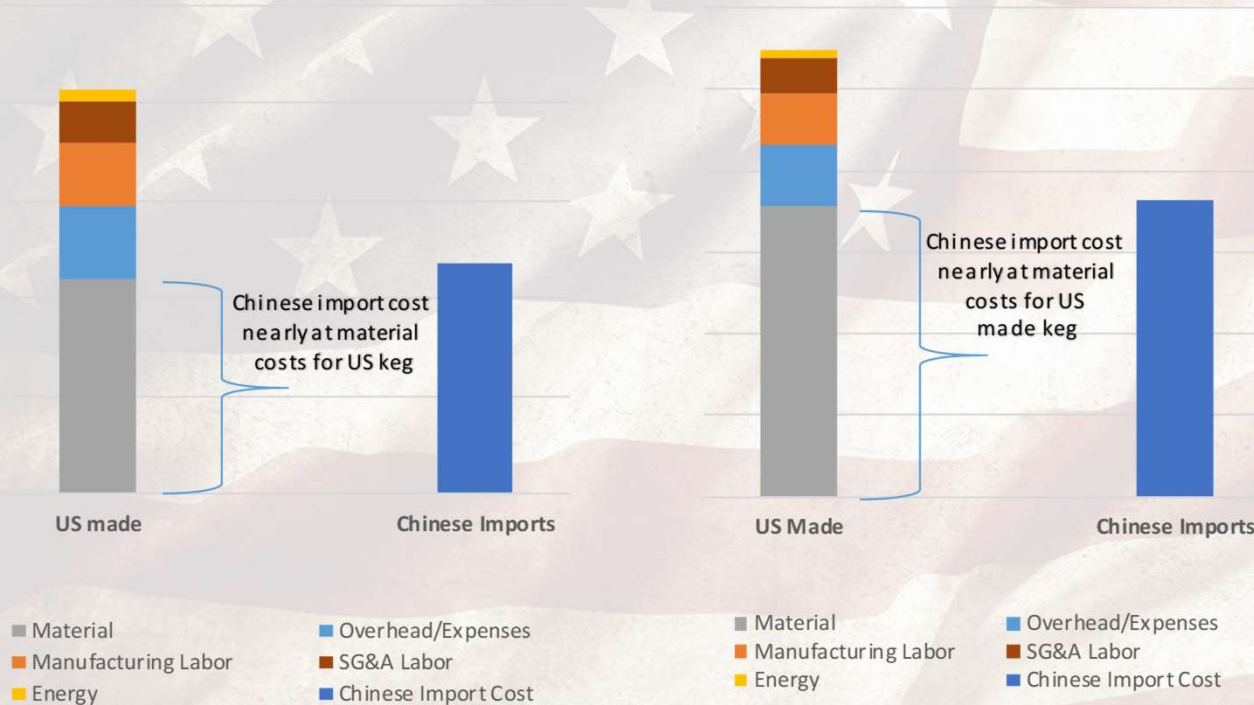
## Chinese Import Injury

- The domestic stainless steel keg industry is materially injured by the dumping and countervailing of Chinese stainless steel kegs.
- Chinese imported stainless steel kegs are imported at a cost that is just a few dollars more than the cost of the raw materials (domestic stainless steel) to produce a keg in the US. This unfair pricing practice puts the price of domestically produced kegs as much as 50% to 76% higher than Chinese imports.
- Chinese stainless steel keg manufacturers are using low cost Chinese steel and are subsidized. This has been well documented in many cases such as the Deep Drawn Stainless Steel Sink case (USITC Inv. No. 701-TA-489 and 731-TA-1201).
- The most recent steel tariff of 25% on raw rolled stainless steel is driving up domestic raw rolled stainless steel prices. This compounds the issue of Chinese finished imported stainless steel kegs because the domestic raw rolled stainless steel is increasing the cost of a domestically produced keg, while Chinese finished kegs are **imported into the US with NO tariff**.
- With unfair Chinese imports and the increasing costs of domestic stainless steel, it is impossible for any US manufacturer to compete.

# Cost Summary

1/6 Keg Cost (Import vs US made)  
Q4/2017

1/2 Keg Cost (Import vs US made)  
Q4/2017



- Chinese imported stainless steel kegs are imported at a cost that is just a few dollars more than the cost of the raw materials (domestic stainless steel) to produce a keg in the US.
- An unfair pricing practice that puts the price of domestically produced kegs as much as 50% to 76% higher than the Chinese imports.



# Impact of Chinese Imported Stainless Steel Kegs

## **Impact on Putting Tariffs on Chinese Imported Stainless Steel Kegs**

- Adding stainless steel kegs to the 301 Tariffs would have negligible to no impact on consumers and a non-material impact on the businesses (mainly breweries) that purchase kegs.
- 301 Tariffs would be effective in eliminating China's bad practices while having no economic harm to US interests. It will effectively allow the US to bring back more jobs and spur growth by allowing companies in the US to be competitive making stainless steel kegs.

## **Conclusion**

- To level the playing field, we respectfully request the USTR implement a tariff of 76% on stainless steel keg imports from China.