CellMark | chemicals

Catherine Cummiskey
Oral Testimony
Office of the U.S. Trade Representative
Section 301 Committee
July 24, 2018

Opening Remarks

Good Day. My name is Catherine Cummiskey and I am the Safety & Compliance Manager at CellMark USA, LLC. Thank you to the Section 301 Committee for the opportunity to testify on the U.S. Trade Representative's proposed Section 301 Tariffs.

My testimony will cover the Harmonized Tariff Code 3905.99.80.00 for POVIDONE.

Testimony

CellMark Chemicals is a global supplier of chemical products with 15 offices, located worldwide. We specialize in Sourcing, Sales & Marketing, and Custom Manufacturing specialty chemical products. We deal primarily with organic, inorganic, specialty, fine chemicals, performance minerals, and active ingredients. We sell our portfolio of more than 700 products in the Industrial and Health, and Personal Care markets. We are also a member of the National Association of Chemical Distributors who have presented,

These punitive duties have a direct impact on our business and the business of our customers in terms of lost sales and profitability, which, in turn, has a negative unintended effect on our employees and capital investments.

This product is used as a binder in dietary supplements and pharmaceuticals, markets that are strictly regulated by ever changing FDA guidelines. In an already competitive market and it is typical that we lose customers on very marginal price differences. To sustain our customers and stay competitive we may need to go through a very time consuming and costly process of approving a new manufacturer. The vetting of a safe and high-quality manufacturer will involve time, factory audits, documentation and the possible disruption of long standing relationships. Consequently, all this will result in added operational costs for our company.

Foreign audits alone cost up to $5,000.This process can take about six months to a year if all goes well. For just one manufacturer and one customer, our process costs around $10,000 per manufacturer and $2000 per customer and negatively impacts by months the delivery to the market. We currently have eight customers, some of which are fellow distributors who are subject to the same qualification process as are their customers. In a recent sourcing search, we found only one potential supplier from India, outside the current reach of Annex C.

Lastly, if we need to leave this business, it negatively impacts the new $5 million plant we are building in Connecticut and its 24 employees. Now, we are even more concerned because Round 3 of these Chinese punitive tariffs includes most of our US business.

The impact of this tariff reaches far beyond pricing out of the market on a simple import. Disrupting the market in this way potentially increases risk to a FSMA compliant secure supply chain. Therefore, I strongly request that USTR remove the HTS code 3905.99.80.00 from Annex C due to the irreparable harm it would have upon CellMark's ability to conduct business.

Closing Remarks

Thank you again to the Section 301 Committee for the opportunity to testify today. I hope I have provided a helpful perspective on the impact upon our business as you select the HTS codes to include in your final determination. I look forward to answering any questions you may have.

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