

**Testimony of Mark Maroon, Maroon Group LLC before the
Section 301 Committee
Office of the U.S. Trade Representative
July 24, 2018**

Thank you for allowing me to again testify before the Section 301 Committee.

My name is Mark Maroon, Chief Technology Officer of Maroon Group LLC. Maroon Group is a distributor of specialty chemicals. Headquartered in Avon, Ohio, we employ 225 people and have operations / offices in seven states, and conduct business in over 35 states. Maroon Group services over 5,400 customers across multiple industries. We were founded in 1977 as a family-owned and operated business. From our Midwestern roots, we have grown to a multi-company group. In the last four years alone, our employee count has grown over 400%. If several Harmonized Tariff Schedule categories currently listed in Annex C of USTR's June 20, 2018 notice remain on the list for retaliatory tariffs against China, Maroon Group and its many customers will suffer injury and these tariffs would hinder the growth of this U.S. born and bred company. More than a third of our employee count are employed in sales. Increasing prices as a result of a 25% tariff could lead to a shift in the demand for our materials, possibly halt our growth strategy, and lead to elimination and consolidation of our U.S.-based workforce.

Maroon Group supports the intentions of this Section 301 investigation. However, we respectfully request that the Committee reconsider the placement of four broad HTS categories on any supplemental tariff list concerning China. Maroon Group's written submission provides more detail on these four HTS categories and products that fall under their descriptions. In each case, these HTS categories are broad categories for plastic articles that also capture many specialty chemical products that are used in a wide variety of applications. I believe our industry, and the many specialized chemicals that we must globally source and import to satisfy our U.S. customer base, are unintentionally caught in the cross-fire of your efforts to restrict other products that may fall into these broad HTS categories.

The focus of my comments today are on one particular chemical. Maroon Group is an importer and distributor of a chemical captured under HTS 3907.20.00. This chemical is necessary in paint and other coating mixtures used for UV light absorption and stability to protect against degradation from ultra violet light. This chemical falls under the general description of benzotriazole, used extensively as a UV light absorber. There are sources for this chemical world-wide; however, minimal and insufficient manufacturing exists in the United States, with the only U.S. producer actually being a German-based company. As I mentioned earlier, this HTS category is very broad and it captures the benzotriazole product that Maroon Group and its customers rely upon. On this specific HTS, there were 1944 imports of containers received into the United States, only 87 of which came from China. Of those 87, only 10 involved the chemical we rely upon. These 10 containers represent less than 3% of the chemical consumed in the United States on a calendar year basis. At the very least, if this HTS category is not excluded from Annex C, this particular product should be excluded.

Note that every other benzotriazole product falls under HTS heading 2933.99.12 and 2933.99.79 – every other one. These subheadings are not subject to any additional tariffs as part of the

Section 301 investigation. But, the product we and our customers rely upon has been placed under the 3907 heading. The product we must import from China has the same molecular structure as other benzotriazole products. The only difference is the addition of a chemical ring (a cycle of atoms or bonds) to the product we import. Until 2011, Maroon Group's product was classified under the HTS 3812.30 subheading and no duty was applied. Then this chemical was moved under the 3907 heading where a 6.5 percent duty was applied. While we were able to adjust to that duty, the addition of a 25 percent duty has the very likely effect of removing Maroon Group's ability to sell its products in the U.S. market. This would cripple our current and future business arrangements, opportunities – ultimately causing undue hardship to our customers.

Finally, while Maroon Group sells to manufacturers of paint and coatings, the ultimate end-user of this chemical falling under this 3907 HTS category is the average U.S. consumer. Every can of water-based paint or stain that a consumer buys at hardware or paint stores, or any number of big box retailers, is formulated using the material that Maroon Group imports from China. Anyone who paints their house, deck, wood roof or fence, or otherwise needs a product with a protective coating that these chemical additives offer will suffer as prices could rise significantly due to reduced competition in the United States. Further, every automobile produced in the United States that incorporates environmentally friendly paints – i.e., water-based paint with low or no VOCs which is a growing trend in the industry – incorporates this additive.

As for the other three HTS categories I mentioned, specialty chemicals are similarly captured in these broad categories. Maroon Group's products under these categories are used as additives in paints and coatings, not in plastics and rubber articles. The additional 25 percent duty rate on chemical products under these other categories would likewise harm our business and have a negative impact on U.S. consumers and market competition.

Again, while Maroon Group agrees that China's unfair practices must cease, implementing tariffs on these four HTS categories will not achieve the desired outcome the President seeks. Instead, it will harm U.S. producers and distributors of specialty chemicals and, subsequently, affect U.S. consumers of end-products that rely upon our chemicals for quality paint and coating products.

We respectfully ask that the Section 301 Committee remove these HTS categories from proposed tariff list. Thank you for your time today.