

Precision Metalforming Association
6363 Oak Tree Blvd.
Independence, OH 44131
216-901-8800



National Tooling & Machining Association
9300 Livingston Rd.
Ft. Washington, MD 20744
301-248-6200

June 29, 2010

The Honorable Gary S. Locke
Secretary
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, DC 20230

Dear Secretary Locke:

As you know, U.S. manufacturing is vital to this nation's economic recovery and recent statistics show improvement in this sector. However, manufacturing growth continues to be hampered because small and medium-sized manufacturers are confronted with roadblocks that increase the costs of producing domestically compared to overseas competition. These roadblocks include U.S. trade laws that unfairly increase the costs of important inputs for domestic manufacturers. The issue of a prospective versus retrospective system for collecting antidumping and countervailing duties is one of the current government practices that hurts small and medium sized manufacturers, including the nearly 3,000 members of One Voice, the joint effort between the National Tooling and Machining Association (NTMA) and the Precision Metalforming Association (PMA).

As the Department of Commerce prepares its report to Congress on how U.S. trade remedy laws are administered, we ask that you consider the impact the current system has on small manufacturers who cannot pass along additional costs to their customers.

Manufacturers need predictability in their operations, and suffering from additional costs—often years after they have used the subject material—causes significant disruption in the domestic industrial supply chain. This slows economic growth and job creation. U.S. manufacturers need a transparent and equitable process which they do not now have. A prospective system of antidumping and countervailing duty enforcement would improve American competitiveness (particularly for small businesses), reduce risk and uncertainty in vital U.S. supply chains, effectively enforce our trade laws, minimize uncollected duties, and reduce administrative burden.

On behalf of our member companies, we urge you to take steps to ensure that the report to Congress recommends that the United States transition to a prospective antidumping and

countervailing duty assessment system for our own national interest, and that Commerce begin in earnest to design such a system.

Uncertainty in the current U.S. retrospective system for collecting antidumping and countervailing duties reduces productivity, increases uncertainty and causes disruptions in the manufacturing process. We believe balanced trade enforcement is a critical component to our survival and those who violate our trade laws should pay the consequences—but not at the expense of economic security. In fact, the prospective system would largely eliminate the problem of uncollected duties, which amount to hundreds of millions of dollars each year. For example, for FY 2009, U.S. Customs and Border Protection estimates that it was unable to collect nearly \$300 million in antidumping and countervailing duties. According to the U.S. Department of Treasury and the Government Accountability Office, these uncollected duties are largely due to the current retrospective system.

The payment system should include a transparent and consistent methodology that does not discriminate against domestic industrial users of subject materials. Under the current system, when one of our member companies purchases imported goods, they do not know what the Commerce Department will determine as a fair price, or the actual duties that a company will owe on an imported product until years after a purchasing decision is made. This is not only potentially very costly, but it also hinders the ability to make sound, informed business decisions. This creates more uncertainty causing companies to hesitate before investing in domestic facilities, hiring more employees and leading the economic recovery. Addressing this uncertainty is one of the reasons some manufacturers are going offshore. U.S. businesses need the ability to know the costs of manufacturing in America in order to compete effectively.

Thank you in advance for your consideration of these views and the impact the current system has on domestic small and medium-sized manufacturers. We look forward to continuing to work with you and can provide any additional information you need.

Sincerely,



William E. Gaskin
PMA President



Robert Akers
NTMA Chief Operating Officer