

# ManuFACTS: The Miscellaneous Tariff Bill (MTB)

Passage of a New MTB is Essential for U.S. Manufacturers and Jobs

- **A new Miscellaneous Tariff Bill (MTB) is vital to avoid raising taxes on manufacturing in America and further increasing the cost of production in the United States. For three decades, Congress has recognized the importance of suspending import taxes on essential manufacturing inputs that are not produced or available domestically. The MTB expires at the end of 2012 and, unless renewed, will create a new disincentive to produce in America and result in the loss of important manufacturing jobs.**
- **MTB provisions allow American manufacturers to be globally competitive by reducing the cost of production in the United States. As a result, these programs permit manufacturers to maintain domestic production and jobs.**
- **The MTB package considered by the 111th Congress was estimated to support 90,000 American jobs, increase U.S. production by \$4.6 billion and expand U.S. GDP by \$3.5 billion.**
- **Since, by definition, no one in the United States produces inputs that can be eligible for the MTB, the import duties in question protect no one and serve no purpose other than as a tax on manufacturing in America. These reductions help decrease costs for manufacturers and do not come at the expense of other American producers.**

## How Congress Can Help

- All existing duty suspensions on over 600 products are set to expire at the end of the 112th Congress, on December 31, 2012.
- Passage of a new MTB is vital to avoid the re-imposition of import taxes on manufacturing inputs unavailable in the United States.
- Without a new MTB, U.S. manufacturers will have to pay new taxes on these essential inputs, further adding to job losses and the cost of manufacturing in America.



## More Information

For three decades, Congress has supported manufacturing in America by suspending import taxes on necessary manufacturing inputs that are not available in the United States and must be imported from other countries.

This Miscellaneous Tariff Bill (MTB) legislation has historically been noncontroversial and has received strong bipartisan and bicameral support. Last year, MTB legislation (H.R. 4380)—the U.S. Manufacturing Enhancement Act of 2010—passed the House 378-43 and the Senate by unanimous consent.

A new NAM/MAPI report shows that the costs of manufacturing in America are already 20 percent higher than for our major competitors. It is critical that Congress not add further costs on American manufacturers or cause further job losses in a sector that is trying to recover from one of the worst economic recessions in our history.

The MTB process is open and transparent. Each proposed duty suspension is subject to a meticulous and nonpartisan vetting process to ensure that no domestic producers of the affected product exist. In addition to the House and Senate committees of jurisdiction, the U.S. International Trade Commission, U.S. Department of Commerce, U.S. Customs and Border Protection and Office of Management and Budget all collaborate to review every bill. Each proposal is subject to public comment periods both during the executive branch vetting process and again before the House Ways and Means Committee and Senate Finance Committee consider the omnibus MTB. All members of Congress sponsoring these measures are identified, as are the companies or industrial sectors that will be impacted.

The characterization of the MTB as an earmark is fundamentally incorrect, as duty suspensions that are defined as “limited tariff benefits” are differentiated in the language found in the House as those limited to a narrow group of beneficiaries. MTB provisions broadly benefit any manufacturer or anyone who imports the product on which duties have been suspended, as well as downstream companies in the supply chain and, in the end, the final consumers of the product.

## Bottom Line

MTB legislation must be passed prior to the expiration of all temporary duty suspensions at the end of 2012, or the import taxes paid by American manufacturers will increase and their production costs will rise.

### More Information

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# Talking Points: The Miscellaneous Tariff Bill (MTB)

- A new MTB is vital to avoid a tax increase on manufacturers in America and to prevent further increases in U.S. production costs.
- For three decades, Congress has recognized the importance of suspending import taxes on essential manufacturing inputs that are not produced or available domestically. The MTB expires at the end of 2012. If it is not renewed, it will add to the 20 percent cost differential to manufacture in the United States and result in the loss of important manufacturing jobs.
- The MTB provisions level the playing field for manufacturers in the United States and allow them to be globally competitive by reducing U.S. production costs. As a result, these programs allow manufacturers to maintain domestic production and jobs.
- The MTB package that the 111th Congress considered was estimated to support 90,000 American jobs, increase U.S. production by \$4.6 billion and expand U.S. GDP by \$3.5 billion.
- Without a new MTB, manufacturers in the United States will have to pay new taxes on essential inputs not available domestically, further adding to job losses and increasing the cost of manufacturing in America.
- The MTB process is open and transparent. Each proposed duty suspension is subject to a meticulous and nonpartisan vetting process to ensure that no domestic producers of the affected product exist.

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