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Trump administration expected to reinstate tariffs on Chinese injection molds

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The U.S. government's 25 percent tariff on injection molds from China appears poised to go back in place later this month. A formal announcement may come as soon as Dec. 23.

Several companies and sources close to the decision said it appears that the office of United States Trade Representative Robert Lighthizer will allow a one-year tariff exemption that the USTR put in place in late December 2018 to expire, resulting in the tariffs being reinstated.

The USTR decision comes after a lobbying campaign in recent months by the American Mold Builders Association, with more than 150 mold makers filing comments to the USTR urging that the tariffs return.

"This is an important victory for AMBA, its members and all small downstream manufacturers who have felt the pressure from China for years," said Kym Conis, executive director of Indianapolis-based AMBA, in a statement. "The Trump administration is doing what others have not – standing up to China. It heard our members loud and clear – the U.S. mold building industry has the capacity and expertise to fill any orders placed."

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Laurie Harbour, president and CEO of Harbour Results in Southfield, Mich., called the decision “great news for the mold making industry.”

“[Tariffs] provided for more of a level playing field to Chinese tool sourcing. It doesn’t mean that there’s not still going to be a volatile trade environment in 2020, and shops need to have the market intelligence and to work continuing to drive flexibility in their business,” she said.

In November, Harbour Results predicted that 50-75 mold and die shops in North America will close in the next five years, the result of declining spending on tooling from the auto sector.

The tariffs were originally put in place in July 2018, in the first round of President Donald Trump's tariffs against China. But they were put on hold for one year in December 2018 after many injection molding companies and other manufacturers complained to the government that the tariffs on molds would raise costs for their plastic molding operations in the U.S.

Starting in October, however, the mold making industry mounted a much more vocal effort to bring back the tariffs and told the USTR the industry could handle more orders and that U.S. mold builders had been hurt by unfair Chinese trade practices, arguments which appeared to sway the Trump administration.

Other U.S. manufacturing companies disagreed with AMBA's position in their previous comments urging the USTR to continue to allow injection molds from China to be tariff free.

Firms like packaging maker Berry Global Inc. and automotive molder Forteq North America said the U.S. domestic mold making industry did not have enough capacity, and argued China's much larger mold shops were more price competitive, and said higher mold costs would hurt their bottom lines.

An executive with one company that had been opposing the tariffs, speaking anonymously because it was still assessing the situation, said its lawyers have told it the U.S. government has decided to let the one-year exemption expire and reinstate the tariffs. The executive said the back and forth with the injection mold tariffs and larger trade talks between Washington and Beijing made it difficult to plan.

"The phase one [trade deal with China] is completed but what is phase two?" the executive said. "It is really difficult to make long term plans in this area."

USTR put out a formal notice Dec. 18 on tariff exemptions for other products that had been in the same formal regulatory docket as the mold tariffs, but that Dec. 18 notice pointedly did not include the injection molds, leading to several days of speculation that mold tariffs would return.

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