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Hon. Howard W. Lutnick
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

RE: Comments on Section 232 Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients (Docket XRIN 0694-XC120)

Dear Secretary Lutnick,

Eastman Chemical Company (“Eastman”) respectfully submits this letter to the Department of Commerce (“Commerce”) and Bureau of Industry and Security (“BIS”) in response to the request for public comments on the national security investigation of imports of Pharmaceuticals and Pharmaceutical Ingredients under Section 232 of the Trade Expansion Act of 1962, as amended (“Section 232”).¹ Eastman is one of the ten largest chemical manufacturers in the United States, with over 75% of its assets located domestically and more than 10,000 U.S.-based employees. While its manufacturing base is firmly rooted in the United States, Eastman is also globally integrated, deriving approximately 60% of its revenue from international markets. In fact, Eastman is ranked as the 22nd largest U.S. exporter.

Eastman manufactures a broad range of advanced chemicals and materials that are essential to the U.S. economy, including Polyethylene Terephthalate and polyester copolymers (collectively “PET”) and Dimethyldodecylamine (“DIMLA”). However, these critical products were improperly included in Annex II of the April 2, 2025, Executive Order that established reciprocal tariffs.² The products on Annex II were exempted from these reciprocal tariffs. We strongly believe that PET and DIMLA should not have been exempted from reciprocal tariffs, as both are materials used in numerous critical industries across food, beverage, personal and household care or medical equipment, and therefore both materials require a strong US manufacturing base.

Eastman was informed that the only reason PET and DIMLA were on the Annex II exemption list is because they may be considered pharmaceutical “derivative products” that would be under consideration for inclusion in a future Section 232 tariffs on pharmaceuticals.³

¹ *Notice of Request for Public Comments on Section 232 National Security Investigation of Imports of Pharmaceuticals and Pharmaceutical Ingredients*, 90 Fed. Reg. 15,951 (April 16, 2025) (Docket No. BIS-2025-0022; XRIN 0694-XC120) (“Section 232 Notice”).

² *Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits*, Exec. Order 14257, 90 Fed. Reg., 15,041 (Apr. 2, 2025).

³ The Section 232 Notice does not define the term “derivative products.” In the absence of a defined term, the ordinary meaning could help in understanding the meaning. In this regard, *Webster’s Third New International*

However, PET and DIMLA have only indirect and limited applications in the pharmaceutical sector. PET is used in a limited amount of packaging material and medical equipment, and DIMLA is used as an ingredient in cleaning products. Less than two percent of all PET consumed is used in pharmaceutical packaging or medical equipment applications, and DIMLA is not used in pharmaceutical applications at all.⁴

Furthermore, Eastman is of the understanding that pharmaceutical packaging, and plastics resins used in equipment within medical countermeasures, will likely not be considered when determining the scope of Section 232 tariffs on pharmaceuticals. If that is indeed the case, then foreign PET and DIMLA will enter the U.S. market without being subject to reciprocal tariffs or subject to Section 232 tariffs. This is a significant regulatory loophole that would seriously disadvantage domestic PET and DIMLA manufacturers such as Eastman. While we do not believe these products fall within the intended scope of Section 232 for pharmaceuticals, the above highlights the important role that PET plastics play across many critical industries, including medical packaging, equipment and food and beverage supply chains. Americans use >12 million tons of PET each year across these applications and require increased security of supply.

Accordingly, Eastman respectfully urges the Department to: (1) remove PET imported under tariff lines, 39076100, 39076900, 39079950; and DIMLA imported under tariff line 38249993 from the Annex II exemptions list in order to close this identified loophole; or (2) in the alternative, include PET imported under tariff lines, 39076100, 39076900, 39079950; and DIMLA imported under tariff line 3824999 within the scope of the final Section 232 action in order to apply appropriate tariffs to protect U.S. national security interests.

I. Product Overview and Eastman’s Strategic Role in Securing the Domestic Supply Chain

A. PET Market

“PET” refers to polyethylene terephthalate and other polyesters such as various polyester copolymers. Broadly, the PET supply chain can be divided into two main streams. One stream begins with fossil-fuel-derived inputs, such as paraxylene (“PX”) and purified terephthalic acid (“PTA”), which are used to produce virgin PET. Another stream begins with plastic waste predominantly of PET packaging (“PET waste”), which is converted into recycled PET. Both types of PET are classified under the same Harmonized Tariff Schedule (“HTS”) codes and are

Dictionary defines “derivative” as “having parts that originate from another source.” (Online ed., Merriam-Webster, 2025), <https://www.merriam-webster.com/dictionary/derivative#dictionary-entry-2>. Applying this definition, a “derivative product” of pharmaceuticals or pharmaceutical ingredients would be understood to mean a product that has parts originating from pharmaceuticals and pharmaceutical ingredients, yet neither PET nor DIMLA meets this understanding.

⁴ Neither substance contains any part of pharmaceuticals or pharmaceutical ingredients. In other words, while these materials may be used *in proximity* to pharmaceutical production, but they do not *derive from* pharmaceuticals or pharmaceutical ingredients in any chemical, functional, or compositional sense. As further noted below, over 98% of PET is used in food and beverage packaging, cosmetics/personal care packaging, and fibers for textiles.

used in the downstream production of “polyester products” across a range of critical applications, including food, beverage, medical equipment, and fibers into construction, automotive and textile supplies. As noted earlier, only two percent of PET is used in pharmaceutical packages and medical equipment.

Over the past 30 years, the U.S. virgin PET industry has been destroyed by a growing flood of imports. In 1992 the US had over 60% of the global PET capacity and produced over 75% of its domestic consumption needs of polyester products. Today the U.S. has less than 5% of the global production capacity, with China having more than 65% of global capacity, and the U.S. importing more than 75% of its polyester product needs. Imports from countries across Asia dominate the polyester products used by Americans in several critical applications. Many of these large exporting Asian countries, however, also import substantial volumes of PET from China, effectively acting as a channel for Chinese PET. The U.S. now has over a 12:1 import-to-export ratio for PET, while at the same time having underutilized production capacity with U.S. assets operating at only 60-70% utilization rates. This has resulted in lost jobs, lost production, and reduced supply chain security across critical applications.

Over the past five years the same trend of growing imports has occurred in the recycled PET market. U.S. recycled PET imports hit a record high in 2024 and continue to grow in 2025. This means that the U.S. is importing waste plastic, in the form of recycled PET, from other countries into the United States. Recycling is intended to deal with plastic waste generated locally – to create new materials while at the same time addressing local waste concerns.

Recycling of PET is the best way to regain manufacturing jobs and create supply chain security in the United States, as it creates local closed-loop waste processing back to new supply through recycling. However other countries dumping their waste into the United States, in the form of recycled plastic, is shutting down U.S. recycling capacity and preventing investments in new capacity. Many countries (e.g., China) do not allow their own waste to be recycled into food packaging locally due to safety concerns, so their waste has very little value in their home markets. Dislocations such as these make it very difficult for the U.S. recycling system to be cost competitive. With the U.S. no longer having the waste collection or recycling infrastructure investments needed to deal with plastic waste locally, over 90% of the PET plastic discarded in the U.S. ends up in our landfills, or in our environment.

Protecting the U.S. PET industry, both virgin and recycled, will result in an immediate increase in U.S. jobs and investments. Production and supply can ramp up quickly given the underutilization of existing assets. Also, there are several shovel ready projects ready to execute, which have moved slowly in execution due to the eroding market conditions.

Eastman, as one such U.S. company ready to expand, operates one of North America’s largest integrated chemical manufacturing facilities in Kingsport, TN. Eastman is leading the way in PET advanced recycling investments. Eastman’s investment of over \$500 million in the world’s largest advanced PET recycling plant in Kingsport, TN, came online in 2024 and supports American manufacturing and the transition to circular PET manufacturing in the United States. In this facility, Eastman sources hard-to-recycle PET waste from the U.S. and produces

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virgin-quality recycled PET, thus promoting U.S. polyester circularity. In addition, Eastman has planned a second PET advanced recycling plant in Longview, TX, which will also produce recycled PET. This new plant will include \$1.2 billion in new investment and will bring over 200 new full-time operation jobs and approximately 4,000 construction and infrastructure jobs. The U.S. market need is for at least 10 more of these plants to be built. Eastman intends to be the leader in solving this challenge of onshoring jobs and investment in this critical industry.

On the virgin PET side, Corpus Christi Polymers has planned a \$1.5 billion investment in Texas to build the world's largest virgin PET production facility. This project is execution ready but has been delayed multiple times due to market conditions.

In sum, the discrepancy between imported and domestically produced PET will prevent U.S. jobs and obstruct significant investment in domestic manufacturing operations and investments in U.S. PET facilities and supply chain. As a whole, the U.S. PET industry is in need of strong protection.

B. DIMLA Market

"DIMLA" refers to Dimethyldodecylamine. It is a major input for producing surfactants, which in turn are used as key ingredients in many personal and household cleaning products. As noted earlier, DIMLA is not used in pharmaceutical applications.

Eastman makes DIMLA and other amines as part of an integrated facility in Pace, FL (Pensacola area), which has been in existence for well over 60 years. The facility employs nearly 150 people, all in high paying engineering, professional, or operating positions. In 2024, this site made [] of DIMLA, all of which goes to companies that make a wide variety of household and institutional cleaning products and/or industrial chemicals. Should this tariff exemption on DIMLA continue, it would adversely impact Eastman's Pace facility such that our customers would simply buy the cheaper DIMLA that are being imported from South Asia and China and other parts of the world.

II. **Inclusion of PET and DIMLA in Annex II Creates a Regulatory Loophole That Harms U.S. Industry**

As explained above, the current inclusion of PET and DIMLA on Annex II, coupled with the likelihood that these products are not being considered to be within scope of a future Section 232 scheme on pharmaceuticals, would adversely affect the U.S. industry for these products. Making matters worse, key upstream raw materials critical to domestic virgin PET production (i.e., PX and PTA) are not included in Annex II and therefore are subject to reciprocal tariffs.

Similarly, key upstream raw materials critical to domestic DIMLA production (i.e., mid-cut alcohol and tropical oils), are not included in Annex II and therefore are also subject to reciprocal tariffs.

As a result, foreign PET and DIMLA imports gain an unfair competitive advantage by entering the U.S. market duty-free (i.e., not subject to reciprocal tariffs and likely will not be subject to Section 232 tariffs under the current investigation scope), while the key inputs needed to manufacture virgin PET and DIMLA domestically are subject to reciprocal tariffs. This creates a further significant problem that harms domestic manufacturers, erodes domestic production capacity, and undermines the policy goals underlying the Section 232 investigation.

III. Supply Chain and National Security Risks from Imports of Recycled PET

Low-cost recycled PET imports have harmed U.S. recyclers. Imports of recycled PET into the United States have steadily increased, reaching >300kT in 2024, accounting for around 30% of total U.S. recycled PET demand. These imports are often from countries with lower labor costs, weaker regulatory frameworks, and as noted earlier, many other countries do not allow their own waste to be recycled into food packaging locally thus their plastic waste has little to no value. Therefore, the recycled PET that they create costs less to produce. U.S. PET recyclers, many of which are small and medium-sized businesses, are increasingly unable to compete with these imports. Existing U.S. recyclers have been forced to shut down, exemplifying the negative impact of rising imports, for instance, Evergreen's closure of its 50,000 ton per year wash line facility, representing 3-5% of U.S. recycled PET processing capacity.

The decline in U.S. PET recycling capability has weakened national resilience by making the U.S. increasingly dependent on foreign recycled PET for critical applications and increasingly unable to recycle its own domestic PET waste.

To resolve the plastic waste problem and build supply chain resiliency, the United States needs to build a robust domestic capacity to recycle our own PET waste into recycled PET for production of polyester products, thereby diverting significant volumes of plastic waste from landfills and the environment. This will require more than \$15 billion of investment into U.S. PET and recycling infrastructure, which will create more than 50,000 U.S. jobs.

A strong, self-sufficient domestic recycling infrastructure supports several national priorities: it will create thousands of American jobs, catalyze billions of investments in U.S. infrastructure and production, build resilient domestic supply chains, and reduce environmental burdens. This is yet another reason why the PET products referenced in these comments should either be removed from Annex II or included within the scope of the Section 232 tariffs on pharmaceuticals.

IV. Conclusion

The inclusion of PET and DIMLA in the Annex II exemptions, despite their extremely limited use in pharmaceutical manufacturing, creates a significant loophole that undermines the goals of the Section 232 pharmaceuticals investigation. By allowing these materials to be exempted from the reciprocal tariffs, if coupled with no coverage under the upcoming Section 232 tariffs on pharmaceuticals, this will gravely disadvantage U.S. manufacturers and recyclers,

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discourage investment in vital recycling infrastructure, and increase U.S. dependence on foreign imports, in direct conflict with the policy and national security objectives of the new tariff regime.

Moreover, the continued growth of recycled PET and PET waste imports threatens to stall the development of domestic end-of-life capacity as well as domestic recycling facilities, further undermining the goals of the new tariffs while inadvertently contributing to the U.S. plastic waste problem.

As such, Eastman respectfully requests that Commerce:

- (1) Remove PET imported under tariff lines, 39076100, 39076900, 39079950; and DIMLA imported under tariff line 38249993, from the Annex II exemptions list in order to close the identified loophole; or
- (2) Alternatively, include PET imported under tariff lines, 39076100, 39076900, 39079950; and DIMLA imported under tariff line 3824999, within the scope of the Section 232 action on pharmaceuticals, and apply the appropriate tariffs on these products to protect U.S. competitive and security interests.

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Please be advised that this letter contains sensitive information about Eastman and its business and commercial activities, as indicated in brackets (“[]”). This information is confidential, and not customarily released publicly and is, therefore, exempt from the public access provisions of the Freedom of Information Act, 5 U.S.C. § 552. Such information, if disclosed, could adversely affect the financial and competitive positions of Eastman and the normal conduct of their business operations.

Should you have any questions about this submission, please contact Brandi White, Eastman’s Federal Government Affairs Director at [].

Best regards,

/s/Brandi White
Brandi White

Federal Government Affairs Director
Eastman Chemical Company