

# Congress of the United States

Washington, DC 20515

February 16, 2018

The Honorable Wilbur L. Ross, Jr.  
Secretary  
U.S. Department of Commerce  
1401 Constitution Avenue NW  
Washington, DC 20230

RE: Foreign Trade Zone 41, Port of Milwaukee - Subzone Request, Docket Number: B-001-2018

Dear Secretary Ross:

We are pleased to write to you today to support the application ("application") for a Foreign Trade Zone Subzone ("FTZ") request by the Port of Milwaukee (ID #41-O). The request is on behalf of Quad/Graphics - Chemical Research\Technology related to the importation of pigments necessary for the manufacture of commercial publication inks.

Quad/Graphics, Inc. ("Quad") and its wholly owned subsidiary, Chemical Research\Technology ("CRVT") is a large commercial printer that operates 57 printing facilities across 25 states and employs nearly 20,000 people throughout the United States. In Wisconsin alone, Quad provides family-supporting jobs to more than 7,700 people.

Quad manufactures ink at the proposed site in Wisconsin for the sole purpose of supplying ink to the other Quad printing facilities throughout the United States. As part of the ink manufacturing operations, the company employs 165 people at four locations across the country, 84 of whom are employed at the Hartford, Wisconsin CRVT facility. On a yearly basis, Quad will consume 250 million pounds of ink, which equates to more than 10 million pounds of pigment/flush demand.

Quad faces significant challenges in procuring the necessary raw materials from the domestic marketplace. Due in large part to the consolidating nature of the printing industry, the domestic supply of production ink pigments is also consolidating and in many cases production has moved to overseas markets. This has resulted in limited production capacities and insufficient pigment supplies for particular pigments in the United States.

It is Quad's strong preference to buy the pigments used to manufacture its publication inks from domestic suppliers. However, given the current market conditions, Quad has no other option but to import the required raw materials from foreign countries in order to meet customer demand.

Additionally, and importantly, the current tariff structure has created unintended incentives. Currently, the import duty on the pigments specified in the application is 6.5 percent, while the import duty for finished ink is only 1.8 percent. This nearly five percent difference creates a perverse incentive for Quad to move ink production outside U.S. borders and import the finished ink, which is assessed at the lower duty rates, rather than import the raw materials and then manufacture the ink domestically with U.S. employees. Quad and CRVT are both committed to maintaining their ink manufacturing within United States borders, but due to the domestic supply issues and increased costs attributable to varying duty rates, the incentives are misplaced.

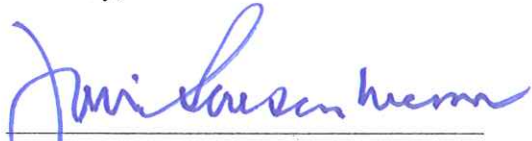
In an effort to save American jobs, Quad has submitted this FTZ application in order to correct the perverse incentives and instead enable Quad to continue manufacturing ink within the United States.

Approving this FTZ will ensure that these ink manufacturing jobs remain in the United States. Taking this action clearly serves the best interest of the local, state, and U.S. economies as it will assist Quad in its efforts to maintain its U.S.-based ink manufacturing operations and the employment base associated with those facilities.

We all share the common priority of keeping and growing jobs in America. Supporting Quad by approving this application will help achieve this goal. Through this FTZ, Quad will be able to provide additional opportunities for economic development and job growth within its plants throughout the country.

We ask that you give this request full and fair consideration, help us keep jobs in America, and move quickly to approve this Foreign Trade Zone Subzone – in a manner consistent with all laws, rules and regulations. We appreciate your consideration and attention to this request and look forward to working with you continue to support and grow jobs here in the United States.

Sincerely,




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F. James Sensenbrenner, Jr.  
U.S. Representative




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Paul D. Ryan  
Speaker



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Ron Johnson  
U.S. Senator



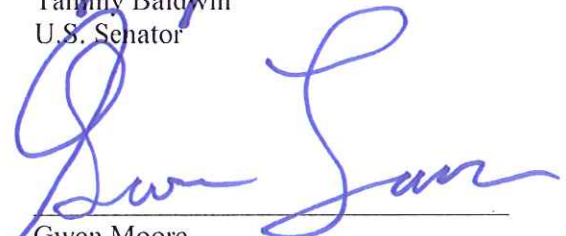
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Tammy Baldwin  
U.S. Senator



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Ron Kind  
U.S. Representative




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Gwen Moore  
U.S. Representative



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Sean Duffy  
U.S. Representative




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Mark Pocan  
U.S. Representative



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Glenn Grothman  
U.S. Representative



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Mike Gallagher  
U.S. Representative