

Congress of the United States
Washington, DC 20515

September 10, 2019

The Honorable Wilbur Ross
Secretary
Department of Commerce
1401 Constitution Ave NW,
Washington, DC 20230

Secretary Ross:

America's small arms ammunition industrial base is disadvantaged in the marketplace based a sophisticated and coordinated Russian export strategy. Russia is the largest importer of small arms ammunition into the United States. During the period 2008-2018, Russia was easily the top importer into the U.S. market, accounting for 27 percent of all imports amongst the top 13 importing countries¹. This ammunition is imported duty free and sells on the retail U.S. market at roughly the same amount it costs U.S. manufacturers to produce the same rounds.

Cheap Russian ammunition imports harm U.S. military readiness while simultaneously boosting the Russian Ministry of Defense. When Russian small arms ammunition production outpaces the needs of the Russian military or global hot spots, the excess capacity is sent to the United States, duty-free, where it is sold at rock bottom prices. As a result, Russia improves their military readiness and gains efficiencies by maximizing production while U.S manufacturers struggle to keep pace with the race to the bottom.

This Russian export strategy was boosted following the invasion of Ukraine in 2014. Russian operatives dismantled the idle Ukrainian Small Arms Manufacturing plant at Luhansk and relocated the equipment to Russia. This capacity was added to the four main small caliber ammunition producers supporting the Russian Ministry of Defense and international commercial outlets. Today, Russia has turned its sights on the U.S. with the hiring of a former American Director of the Central Intelligence Agency who is expected to secure support for Russian expansion in the U.S.².

Cost pressures from the Russian export strategy is having an impact domestically. The small arms ammunition industrial base is depressed. With cheap Russian imports flooding the market, it's more difficult for the U.S. military and commercial manufactures to realize economies of scale needed to supply both military and commercial markets with the best ammunition for the best price. We have seen Iconic companies file for bankruptcy and shred jobs. These actions will

¹ See Appendix I

² *Tula Partners with USARM NORD LLC*, April 8, 2019. Retrieved July 29, 2019 from <https://www.theoutdoorwire.com/releases/f93d617b-c8e7-4c6f-b37b-1a2b37ee01d1>

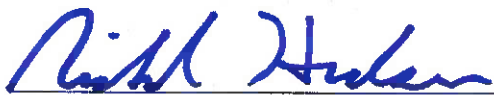
eventually drive prices higher, delay order fulfillments, or reduce quality and innovation for domestic military and law enforcement entities. What's worse, the current small arms ammunition trade policy is leading U.S. consumers to unknowingly support Russian military readiness at the expense of our own.

The Department of Commerce is the lynchpin in the United States' response to these unfair trade practices. Collectively, the Bureau of Industry and Security and the Office of the Assistant Secretary for Enforcement and Compliance have the tools to alter unfair trade practices as it relates to small arms ammunition. We urge the Department and its agencies to utilize tariff or other duty authorities to limit unfair trade practices in the small arms ammunition marketplace.

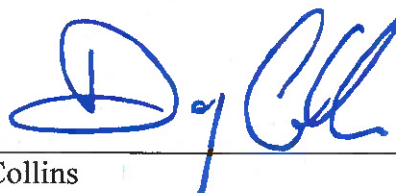
Collectively, we represent consumers and manufacturers of small arms ammunition and Congressional Committees with a focus on foreign relations, intelligence, defense, and commerce. We believe the domestic small arms industrial base is critical to our national security, economic growth and job creation, and expanding conservation through excise taxes and other user-generated fees related to hunting and recreational shooting. Action to address these inequities is critically needed.

Thank you for your prompt attention on this subject.

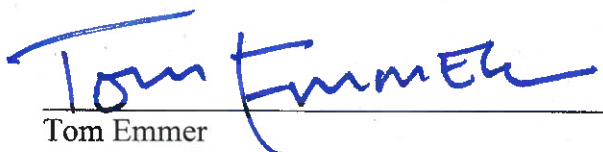
Sincerely,



Richard Hudson
Member of Congress



Doug Collins
Member of Congress



Tom Emmer
Member of Congress



Roger Marshall, M.D.
Member of Congress



Russ Fulcher
Member of Congress

Appendix I

U.S. Import and Export Data

Cartridges and Parts Thereof, Nesoi HS Code 930630

Top 13 Importing Countries

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Russia	\$58,369,784	\$105,573,053	\$88,115,240	\$71,975,673	\$101,748,510	\$129,947,225	\$132,628,566	\$104,761,726	\$146,022,385	\$114,307,316	75,441,995
Korea	\$29,788,204	\$59,393,709	\$62,452,062	\$66,790,724	\$87,077,412	\$122,223,704	\$125,078,775	\$76,706,587	\$138,697,460	\$30,404,368	15,145,121
Spain	\$16,330,982	\$26,999,684	\$45,057,867	\$22,583,341	\$11,915,333	\$2,305,720	\$716,095	\$2,362,673	\$2,264,123	\$2,946,637	5,948,042
Taiwan	\$24,592,551	\$13,043,547	\$40,835,920	\$18,103,587	\$507,627	\$5,857,404	\$10,808,335	\$13,771,078	\$16,459,277	\$9,539,586	0
Israel	\$15,552,652	\$30,603,179	\$40,502,285	\$18,753,820	\$9,983,633	\$28,404,392	\$22,481,102	\$17,774,777	\$31,835,176	\$25,810,605	5,649,418
Canada	\$33,662,439	\$27,601,651	\$32,213,631	\$24,795,159	\$13,616,066	\$12,059,830	\$15,218,554	\$22,879,008	\$28,050,591	\$26,139,062	19,876,738
Brazil	\$20,540,686	\$24,556,689	\$23,305,852	\$15,101,845	\$29,571,794	\$35,124,969	\$38,187,580	\$46,633,855	\$36,616,550	\$32,223,841	34,385,768
Sweden	\$5,490,575	\$7,870,130	\$22,702,727	\$5,384,316	\$6,505,934	\$14,915,346	\$19,731,631	\$20,193,510	\$16,865,843	\$16,900,469	0
Germany	\$10,052,784	\$11,300,944	\$20,855,391	\$6,574,913	\$12,460,880	\$23,866,668	\$38,229,684	\$41,118,993	\$43,780,739	\$28,901,393	20,893,587
Serbia	\$12,608,142	\$26,270,080	\$20,075,937	\$15,449,280	\$30,772,393	\$41,496,403	\$39,400,863	\$34,556,107	\$34,849,475	\$31,196,774	25,275,094
Italy	\$11,670,373	\$12,251,938	\$13,330,057	\$11,936,449	\$15,098,696	\$34,467,503	\$51,621,372	\$60,117,880	\$64,064,835	\$42,207,887	35,087,250
Czech Rep	\$11,726,552	\$16,784,496	\$12,147,334	\$21,743,449	\$26,398,569	\$30,262,332	\$32,245,452	\$35,577,081	\$64,064,835	\$32,215,557	37,032,548
Hungary	\$2,150,358	\$6,580,922	\$8,962,278	\$4,384,968	\$4,432,566	\$7,760,181	\$11,851,413	\$11,937,814	\$9,975,997	\$1,840,019	8,004,237
Total	\$252,538,090	\$368,832,031	\$430,558,591	\$303,579,535	\$350,091,425	\$488,693,690	\$538,201,436	\$488,393,104	\$633,549,302	\$394,635,531	282,739,798