



May 7, 2018

U.S. International Trade Commission
500 E Street SW
Washington DC, 20436

Dear sir or madam:

Below is the final testimony we plan to present to the International Trade Commission on May 15, 2018.

By way of background Crosman Corporation is a leading provider of airguns, consumer optics, consumer lasers and archery products to the consumer market. We are, in fact, the only mass-production airgun company in the world to manufacture airguns in the United States and have been doing so for almost 100 years. Crosman's operations are in upstate New York employing 280 people. Additionally, we operate a Foreign Trade Zone ("FTZ") in both of our locations. The establishment of the FTZ enabled us to have a cost structure consistent with that of our foreign and foreign-sourced competitors. Therefore, we believe we have a unique perspective that the committee should hear.

We will testify as follows:

1. Our belief that including HTS code 90131010 (telescopic sights for rifles not designed for use with infrared light) in the proposed regulations is inappropriate.
 - a. Federal Register Volume 83 number 67, notice 14906 ("Notice 14906") states "Trade analysts from several U.S. Government agencies identified products that benefit from Chinese industrial policies, including Made in China 2025. The list was refined by removing specific products identified by analysts as likely to cause disruptions to the U.S. economy...." We do not believe that consumer scopes benefit from the Chinese trade policies however, inclusion of consumer scopes in the list of tariff increases will cause a disruption to the US economy.
 - b. Many of the items imported under HTS code 90131010 are low to mid end consumer scopes that are generally not manufactured in the US. Therefore, inclusion of this code will have a negative consumer impact, which goes against the final paragraph of Supplementary Implementation Chapter C of USTR 2018-005 and the statement above in Notice 14906.
 - c. Consumer scope production does not fall under any of the four acts, polices and practices under investigation described in Supplementary Implementation Chapter B of USTR 2018-0005.
2. Even if HTS code 90131010 is included in the regulations, it should continue receiving favorable treatment in foreign Trade Zones. Notice 14906 states: "Any merchandise subject to the increased tariffs admitted into a U.S. foreign trade zone on or after the effective date of the increased tariffs would have to be admitted as "privileged foreign status" as defined in 19 CFR 146.41, and would be subject upon entry for consumption to the additional duty." **The duty rate on scopes added to products we manufacture or assemble will effectively increase from 3.9% to 39.9%. Such an increase will put a US manufacturer at a disadvantage to foreign sourced competition who imports product with scopes mounted at an overall duty rate of 3.9%.** We as the only significant US manufacturer & assembler of airguns, may need to move production offshore, resulting in a loss of US jobs, if scopes used in manufacturing are not allowed the duty inversion to 3.9% otherwise available in the FTZ.

In conclusion, we plan to testify that the inclusion of HTS code 90131010 in the list of tariff increases will not accomplish the objectives outlined in USTR 2018-0005, will cause harm to both the US consumer and economy and will result in a loss of US jobs and would like to testify as such on May 15. Thank you for your consideration.

Best regards,

A handwritten signature in blue ink, appearing to read "R. Beckwith", is written over a horizontal line.

Robert A. Beckwith
Chief Executive Officer