

Testimony of Chad Severson
InSinkEerator

1. Good afternoon Chairman Busis and members of the Section 301 Subcommittee. My name is Chad Severson and I am the President of InSinkEerator. Thank you for the opportunity to appear before you today on behalf of InSinkEerator and our 1,342 employees in Southeast Wisconsin who work at the first and only remaining U.S. manufacturer of food waste disposers.
2. Let me give you a brief introduction to my company. InSinkEerator is celebrating its 80 year anniversary of manufacturing food waste disposers here in the United States. In fact, **100 percent** our food waste disposer production comes from two U.S. plants located in Racine and Kenosha, Wisconsin.
3. Not only do we manufacture all of our disposers in the United States, we source here as well. InSinkEerator purchases tens of millions of dollars of corrosion-resistant U.S. steel every year. We are responsible for over 350 jobs at associated suppliers.
4. I am here today to request that food waste disposers entering the United States under HTSUS 8509.80.20 be included on the list of products subject to tariffs per the *Section 301* investigation. Inclusion of these products will help protect my 1,342 employees. It will also protect the nearly \$100 million in recent investments that we have made in U.S. manufacturing.
5. Our employees are dependent on a level playing field here in the United States. The United States is the primary game in town for food waste disposers, representing the vast majority of total global demand, while domestic demand in China is microscopic. As a result, the Chinese industry is almost entirely export-oriented – actually, U.S.-oriented.
6. Unfortunately, unfairly traded Chinese imports have made recent and troubling in-roads into the U.S. market. Disposer imports from China have doubled in the last 4 years. Over the

last decade, during which InSinkErator has been subjected to imbalanced tariffs and intellectual property infringement, disposer imports from China have resulted in a loss of hundreds of millions in sales revenue.

7. We are deeply concerned that the Chinese industry is driven by the policies that the *Section 301* is designed to address, specifically rampant intellectual property theft. I am also concerned that the customs duties on disposers are not reciprocal, which means that we pay high tariffs and have no access to the Chinese market while our Chinese competitors enjoy duty-free access to ours.

8. Specifically, our exports into China have historically been subject to a 20% tariff, currently reduced to 10% on a temporary basis, while exports from China to the United States face no tariff.

9. The intellectual property story is straight-forward and deeply troubling. Our Chinese competitors have manufactured and exported products that infringed our patents covering InSinkErator's state-of-the-art grind mechanisms, shredder plates, and anti-microbial additives. That intellectual property is the heart and soul of our product and represents the primary value-add of our Wisconsin workforce.

10. There have also been egregious violations of InSinkErator's trademarks and copyrights. Third parties have copied entire portions of our website content in an effort to sell knock-off disposers.

11. Chinese authorities have also allowed the registration of trademarks in China that are identical or nearly identical to the InSinkErator logo. U.S. authorities would have never dreamed of registering these rip-offs.

12. Our efforts to address these infringers in China have tied up company resources that should be reinvested in my employees and facilities in Wisconsin, not with Chinese lawyers.

13. These intellectual property issues occur against a backdrop of Chinese state policies designed to encourage Chinese production of environmental goods like food waste disposers. As noted in the *Section 301* report, environmental goods have been designated a strategic emerging industry by the Chinese State Council.

14. It is clear – our industry has a target on its back and we need the U.S. Government to act through the Section 301 process.

15. Lastly, I want to re-iterate the non-reciprocal tariff regime for food waste disposers. Imports into China of U.S. disposers are subject to varying duties between 10 and 20 percent while imports into the United States enter duty-free. This is exactly the type of situation the President has told the people of Wisconsin that he would stop.

16. InSinkErator supports free trade, as long as it is fair trade. We would be happy to go toe-to-toe with our Chinese competitors as long as the playing field is level. We are eager to export the world's best food waste disposals to China. But in order to get a level playing field, we need the U.S. Government to do its part by getting China to stop pirating our intellectual property and eliminate its tariffs so we have the same access to China's market as China has to our market.

We stand ready to work with the Section 301 Committee and USTR to ensure trade in our products is a two-way street, not a one-way street. We commend Ambassador Lighthizer for confronting issues that have been swept under the rug for too long. Until a level playing field can be established, all of these factors support placing food waste disposers on the list and protecting American manufacturing and jobs.

17. Thank you for your time. I am happy to answer any of your questions.