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Office of the United States Trade Representative  
[www.regulations.gov](http://www.regulations.gov)  
[301investigation@ustr.eop.gov](mailto:301investigation@ustr.eop.gov)

Re: Docket Number USTR-2018-0005

Dear U.S. Trade Representative:

Please allow this electronic submission to serve as Schumacher Electric Corporation's ("Schumacher") Written Comments to supplement its prior Request to Appear and a brief summary of our expected testimony at the public hearing. Mr. Cory Watkins, Schumacher's President, will be present and ready to testify at the hearing as to the matters below.

Schumacher's Background:

As previously mentioned, Schumacher is a seventy-one-year-old, privately-held Illinois corporation. We are the world's largest manufacturer of automotive power conversion products, such as battery chargers and jump starters ("Products"). We manufacture and sell these Products under the Schumacher brand, as well as retail and commercial private label brands. While parts of our manufacturing value chain lie outside the United States, we are proud of the fact that Schumacher's main functions of R&D, quality, engineering, sales, and distribution, along with all other necessary corporate functions are located in the United States.

Schumacher's Position on USTR Determination of Action Pursuant to Section 301:

Schumacher is in full support of the United States Trade Representative's ("USTR") Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation, Docket No. USTR-2018-0005.

As the USTR Docket is written, various components associated with Schumacher's Products are included for the proposed tariff increase; however, our finished Products are not. We humbly are requesting that automotive battery chargers and jump starters, harmonized tariff codes 8504.40.95 generally, be added to the list of products subjected to the proposed tariffs. Without them, we are not able to address what is materially harming our industry today.

By adding a tariff on the import of Chinese finished products within the battery charger and jump starter market, the government will be addressing directly what has become a massive problem for American manufacturers like Schumacher.

For too long, Chinese manufacturers have stolen valuable intellectual property and then “dump” American developed products back into our country at a lower cost.

If the import duty on Chinese finished products, within the battery charger and jump starter market, went into effect, prices for the foreign products will increase here at home, and foreign manufacturers will face higher costs on goods shipped into the United States. This will have a positive impact on American companies, like Schumacher, to compete on a level playing field in the U.S. It will allow U.S. based companies to increase production, hire more employees, and create additional manufacturing capacity right here at home.

Details on the Threat of Technology Transfer and Intellectual Property as it Relates to Schumacher:

As a U.S. headquartered entity, Schumacher develops, tests, certifies, and protects through intellectual property (“IP”) our Products within the United States. There is a cost associated with being an industry leader and attaching IP to our products. We have over seventy-nine (79) active global patent matters and have spent millions of dollars over the years on filing and enforcement of our patents.

Despite the time and money that Schumacher spends to protect its IP rights, we never are fully protected, due to direct Chinese importation into the U.S. that misappropriates Schumacher’s IP. Schumacher’s main customers are U.S. Fortune 500 resellers of retail and commercial automotive aftermarket products.

As local manufacturers in China steal IP, they then contract with some of our largest customers to effectively “dump” cheaper products into the U.S. market at prices that in many ways constitute unfair trade practices. In fact, last year one of our largest customers went directly to China to compete on one of our Stock Keeping Units (“SKU’s”). Once that SKU came into the U.S. and was on the retail shelves, we realized that product was an exact copy of Schumacher’s Product, including our IP. While we could move forward with legal action on the IP infringement; that legal action must be against our own customer because the Chinese manufacturer is not on U.S. soil. In this regard, legal action is untenable due to best business practices. Both the Chinese manufacturers and their willing U.S. counterparts know this.

The economic impact of these actions is real. As a result of this poor system, just this month, thirty-five percent (35%) of our annual sales was lost due to Chinese direct importation products. These ripples continue to have a net impact on our company in other forms including, the loss of jobs, less market development of products, and a decrease in business with our U.S. customer base.

If duties are placed on the direct importation of our Products, we can become more competitive by increasing manufacturing in to the U.S., keeping IP where it belongs here at home, increasing domestic production, ensuring quality products in the marketplace, and supporting U.S. growth.

We are therefore asking the USTR to add automotive battery chargers and jump starters, harmonized tariff codes 8504.40.95 generally, to the list of products subjected to the proposed tariffs.

Sincerely,

/s/ *Shantel Bill*

Shantel Bill  
Schumacher Electric Corporation

cc: **Via Email Attachment**  
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