Testimony of Doug Friesen
Chief Executive Officer of SANY America
Office of the U.S. Trade Representative Hearing on the Section 301 China Investigation
May 16, 2018

Good afternoon, Members of the Trade Policy Staff Committee, and thank you very much for the opportunity to testify today. My statement will be brief, but I very much appreciate your consideration of our company's unique situation.

My name is Doug Friesen, and I am the CEO of SANY America. SANY America sells, services, and distributes construction equipment such as hydraulic excavators, port equipment, including rider-type heavy forklift trucks, cranes, wheel loaders, and motor graders. Most of this equipment incorporates engines and other systems supplied by major U.S. manufacturers.

SANY America's sales area focuses on the United States, Canada, Mexico, and Central America. We are a subsidiary of a Chinese company, the SANY Group – a Chinese company that has decided to build and manufacture equipment here, in the U.S., instead of simply exporting to the United States.

We are not "just" an importer. Far from it. We're the largest source of Chinese foreign direct investment in the State of Georgia. SANY America recently completed the construction of a $120 million manufacturing facility and corporate headquarters in Peachtree City, Georgia. The facility has 340,000 square feet in manufacturing space, and 60,000 square feet of office space in newly-built facility about 20 miles north of Atlanta, with room to grow. We have made a significant investment, partnering closely with local economic development officials. This investment is put at substantial risk by the proposed application of *ad valorem* tariffs on certain SANY equipment and parts. We hope to begin production of hydraulic excavators in Peachtree City, Georgia within a year, and other equipment products will follow. The facility has the capacity to produce more than 2,000 heavy equipment units per year. We are committed to the U.S. market as a construction and port equipment producer and as a top-rate service and parts provider.

SANY America is also investing in the American work force. We currently employ 70 people at the Peachtree City, Georgia facility for our sales and

distribution business, and are in the process of hiring in excess of 300 new employees required for our manufacturing operations.

Despite all of this, SANY America's manufacturing plans, and our ability to sell to and service hundreds of construction and port customers nationwide, will be threatened should the Administration impose the proposed tariffs. While we plan to produce excavators in Peachtree City within a year, SANY America needs to import certain equipment in the interim to fill our customers' requirements. At the same time, we will need to begin to build up our parts inventory, but many of the parts that we will need for the Peachtree City facility are also on the proposed tariff list.

SANY America's products are relied upon by the construction industry and port operations in their day-to-day work. Our products play an important role in U.S. industry, but they are by no means "high tech." We cannot see that imposing tariffs on such equipment would have any impact on the Chinese high tech sector. Instead, such tariffs would have an adverse impact on U.S. workers and U.S. industry, and would discourage new investment in the United States.

Consequently, SANY America respectfully requests the Administration to remove from the proposed list of tariffs certain construction and port equipment and parts classifiable under Chapter 84 of the HTSUS. We supplied a detailed list of the tariff numbers of concern with our written comments dated May 11, 2018.

To briefly recap these written comments, though:

- The top three categories of products that SANY America is concerned about are excavators, port equipment, and cranes.

- Parts and components, some of which are also on the proposed tariff list, are important to SANY America's U.S. production plans.

- The failure to remove these items from the proposed increased tariffs will jeopardize hundreds of jobs in Georgia and the substantial investment made by SANY America in Peachtree City.

TPSC staff, SANY America will supplement this testimony with a post-hearing submission, as necessary. I thank you for the opportunity to testify today and I look forward to answering any of your questions.