United States Trade Representative
Investigation Under Section 301 of the Trade Act of 1974
Docket Number USTR-2018-0005
Public Hearing
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Main Hearing Room, International Trade Commission Building

Written Testimony for Nicole Vasilaros, National Marine Manufacturers Association

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Thank you for the opportunity to appear before you today on a matter of serious consequence to the recreational marine manufacturing industry.

My name is Nicole Vasilaros, and I am the Senior Vice President of Government and Legal Affairs for the National Marine Manufacturers Association (NMMA). NMMA is the largest recreational marine industry trade association in the world. Our 1,300 North American members represent boat, engine, accessory, and trailer manufacturers and make up nearly eighty-five percent of the marine products sold in the United States. Boating significantly contributes to the United States economy with $37 billion in annual sales, supporting 650,000 jobs and 35,000 marine businesses.

Our industry is a uniquely American-made product: ninety-five percent of boats sold in the U.S. are made in the U.S. American manufacturers like ours rely on a competitive global market, fair pricing, and economic stability to grow their businesses and hire more workers. However, the marine industry is facing multiple threats in the current trade climate - an antidumping and countervailing duty investigation on Chinese aluminum sheet, the Section 232 tariff on all aluminum and steel imports, retaliation by key allies and the topic of today's hearing, the Section 301 investigation impacting marine engines, electronics, component parts and manufacturing machinery. While, NMMA appreciates the Administration's actions to target unfair trade practices and increase American competitiveness, we believe the sweeping imposition of high and compounding tariffs will have a detrimental impact on U.S. marine manufacturers and consumer products.

The U.S. Trade Representative's (USTR) proposal to impose a twenty-five percent tariff on more than 1,300 Chinese products, equaling roughly $50 billion worth of Chinese imports, penalizes American manufacturers that utilize global supply chains to efficiently deliver their products to consumers at a competitive price. Marine manufacturers have serious concerns regarding the inclusion of recreational marine products and component parts on this list. Products including marine hydro jet engines, marine combustion engines, propellers and fuel injection

pumps are critical to the propulsion and operability of recreational vessels. Subjecting these items to a twenty-five percent tariff will not penalize Chinese companies but rather American businesses that import these essential components and American consumers who will pay more for final products including these items. Marine electronics are another target for the pending tariff--- items such as navigational instruments, display monitors, radar, antennas, and transistors are essential components in a boat. The ability of boaters to properly navigate our waterways and signal for assistance is paramount to safe operation. This proposed tariff will not only increase the cost of the end product to American consumers, but could jeopardize essential safety as manufacturers do not readily have relationships with other non-Chinese vendors.

This 301 investigation also targets manufacturing equipment. If this Administration truly wishes to promote US manufacturing, they must not increase the cost to domestically manufacture. A twenty-five percent tariff on manufacturing equipment like molds, pulleys, gears, and ball bearings will put US manufacturers at a competitive disadvantage by unnecessarily increasing their manufacturing costs.

Lastly, this 301 tariff includes many aluminum and steel parts that are already facing tariff action through 232 and an antidumping actions. The compounding effect of tariffs on steel and aluminum directly threatens U.S. marine manufacturers. Aluminum is a critical raw material for the boating industry. 22,000 US jobs support the manufacture, distribution, sale and service of aluminum boats. Last year aluminum fishing and pontoon boats totaled forty three percent of overall US unit sales and $3 billion in value. A twenty-five percent tariff on aluminum component products on top of a worldwide aluminum tariff and common alloy sheet tariff would be catastrophic.

This high and sweeping tariff will increase the cost of doing business to our 35,000 marine businesses and make boating less affordable for the 142 million Americans that take to the water each year. Manufacturers do not have the luxury of finding alternative suppliers for many of the critical parts targeted on this exhaustive USTR list. It could take years and even decades for competitive suppliers to come on line, if at all. Higher prices and longer lead times on raw materials and component parts threaten our manufacturers' ability to attract new business. U.S. marine companies will be stuck footing the bill which will impact profitability, increase costs to the end user, decrease sales, eliminate jobs, reduce investments in plant and equipment, and reduce U.S global competitiveness.

While the tariffs are not yet in effect, the mere possibility of such tariffs on hundreds of millions of dollars of goods in the marine industry is already alarming U.S. companies with global supply chains. For example, marine antenna receivers are an important component of boating safety and navigation, as they allow for communication between other boaters, law enforcement and shore stations. One U.S based marine manufacturer, with facilities near Columbia, South Carolina employs approximately 200 people but would face significant cost increases from a tariff on component antenna parts sourced at a Chinese facility, assembled in

the US and sold to businesses throughout the globe. Under the proposed 301 tariffs, the same antenna would be hit with a twenty-five percent tax when imported from China, leading to costly disruptions for both manufacturers and consumers, while also jeopardizing U.S. jobs along the supply chain.

While the total economic impact of these tariffs on the marine industry is still unknown, for less than a handful of our members the combined impact of a twenty-five percent tax is well over $66 million to their operation.

The approach of the 301 investigation and subsequent list of products targeted for the twenty-five percent tariff does not appear to take into consideration the role of U.S. manufacturer's global supply chains in the production and assembly of their products. American businesses should not be subjected to steep tariffs in an effort to deter China from its unfair practices of intellectual property violations, forced technology transfers, and state interventions. These issues would be far better addressed in a negotiated, bi-lateral trade agreement with China. The proposed tariff action would tax U.S. manufacturers without guaranteeing the objectives outlined by USTR in its Section 301 report, and significantly increases the risk of Chinese retaliation on U.S. products.

The compounding threats of tariff action and foreign retaliation are injecting an incredible amount of uncertainty into our manufacturers' businesses and the economy - endangering strong economic growth and job creation. The remainder of my written comments outline the specific HTS codes, consisting of the marine products, component parts and machinery mentioned previously in my statement and for which we urge exclusion from this tariff. Thank you again for the opportunity to appear before you today and your consideration of the downstream impacts on the marine industry.

NMMA requests the following products be excluded from a final tariff determination:

Parts of pumps, nesi	8413919010
Centrifugal pumps for liquids, not fitted with a measuring device, nesi	8413702004
	8413702005
Automatic circuit breakers, for a voltage not exceeding 1,000 V	8536200040
Other electrical apparatus nesi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V, nesoi	8536908585
Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	8544300000
Aluminum alloy, hollow profiles	7604210000
Machinery and apparatus for filtering or purifying water	8421210000

Parts of seats nesoi, for seats of a kind used for motor vehicles	9401901085
Pulley tackle and hoists other than skip hoists or hoists used for raising vehicles, powered by electric motor	8425110000
Electrical motor starters (which are switches), for a voltage not exceeding 1,000 V	8536504000
Safety or relief valves for pipes, boiler shells, tanks, vats or the like	8481400000
Radar, radio navigational aid and radio remote control antennas and antenna reflectors, and parts suitable for use therewith	8529104040
DC motors nesi, of an output exceeding 14.92 kW but not exceeding 75 kW, nesi	8501325520
Transceivers	8525601040
Caps, lids, seals, stoppers and other closures, of noncellular vulcanized rubber other than hard rubber	4016991500
Iron or steel, nuts	7318160060
	7318160085
Parts of machines and mechanical appliances having individual functions, not specidied or included elsewhere in chapter 84, nesoi	8479909496
Parts of transmission equipment, nesi	8483908080
Pulleys, including pulley blocks, nesi	8483509040
Measuring and checking instruments, appliances and machines, nesoi	9031808085
Switches nesoi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	8536509031
	8536509035
Molded parts nesi, suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537	8538906000
Bearing housings of the flange, take-up, cartridge and hanger unit type	8483304080
Iron or steel, helical springs (o/than suitable for motor-vehicle suspension)	7320205060
Electric motors of an output of under 18.65 W, other than synchronous valued not over $4 each	8501104020
Ball bearings other than ball bearings with integral shafts	8482105044
	8482105052
Color video monitors w/flat panel screen, video display diagonal > 34.29 cm, incorporating VCR or player, not subject US note 13	8528592300
Parts of other ball or roller bearings, nesi	8482996595
Aluminum alloy, tubes and pipes	7608200090
Automatic regulating or controlling instruments and apparatus, nesi	9032896075
	9032896075
Caps, lids, seals, stoppers and other closures, of noncellular vulcanized rubber other than hard rubber	4016991500
	4016991500
Flywheels, nesi	8483506000
	8483506000

Gears and gearing, other than toothed wheels, chain sprockets and other transmission elements entered separately	8483409000
	8483409000
Heat exchange units, nesoi	8419505000
	8419505000
Hydraulic power engines and motors, linear acting (cylinders)	8412210075
	8412210075
Instruments and apparatus for measuring or checking the level of liquids, other than flow meters, non-electrical	9026106000
	9026106000
Iron or steel, nuts	7318160060
	7318160060
Parts for filtering or purifying machinery or apparatus for liquids or gases	8421990080
	8421990080
Parts of hydrojet engines for marine propulsion	8412901000
	8412901000
Parts of machines and mechanical appliances having individual functions, not specified or included elsewhere in chapter 84, nesoi	8479909496
	8479909496
Parts of pumps, nesi	8413919010
	8413919010
Parts of taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, nesi	8481909060
	8481909085
	8481909060
	8481909085
Parts of transmission equipment, nesi	8483908040
	8483908040
	8483908080
Pulleys, including pulley blocks, nesi	8483509040
	8483509080
	8483509040
	8483509080
Tubes, pipes and hoses of vulcanized rubber other than hard rubber, not reinforced or combined w/other materials, with fittings	4009120050
	4009120050
Electrical instruments and apparatus for measuring or checking the flow or level of liquids	9026102080
Electrical instruments and apparatus for measuring or checking the pressure of liquids or gases	9026204000
Other instruments and apparatus, nesi, for measuring or checking electrical voltage, current, resistance or power, without a recording device	9030333800
Measuring and checking instruments, appliances and machines, nesoi	9031808085

Machinery parts, not containing electrical connectors, insulators, coils, contacts or other electrical features and other parts nesi	8487900040
	8487900080
Centrifugal pumps for liquids, not fitted with a measuring device, nesi	8413702004
	8413702005
	8413702090
Automatic circuit breakers, for a voltage not exceeding 1,000 V	8536200020
Switches nesoi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V	8536509025
	8536509035
	8536509065
Other electrical apparatus nesi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V, nesoi	8536908585
Ships' or boats propellers and blades therefor	8487100080
Check valves of iron or steel for pipes, boiler shells, tanks, vats or the like	8481302090
Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships	8544300000
Molded parts nesi, suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537	8538906000
Electrical terminals, electrical splicers and electrical couplings, wafer probers, for a voltage not exceeding 1,000 V	8536904000
Iron or steel, helical springs (o/than suitable for motor-vehicle suspension)	7320205020
	7320205045
Gaskets and similar joints of metal sheeting combined with other material or of two or more layers of metal	8484100000
Relays for switching, protecting or making connections to or in electrical circuits, for a voltage not exceeding 60 V	8536410020
	8536410030
	8536410060
Electrical fixed carbon resistors, composition or film types	8533100042
	8533100065
Other electrical machines and apparatus for electroplating, electrolysis, or electrophoresis	8543309000
	8543309040
	8543309080
Instruments and apparatus, other than electrical, for measuring or checking the pressure of liquids or gases	9026208000
Relays for switching, protecting or making connections to or in electrical circuits, for a voltage exceeding 60 but not exceeding 1,000 V	8536490080
Winches nesi, and capstans, not powered by electric motor	8425390100
Machinery and apparatus for filtering or purifying water	8421210000
Check valves other than of copper or iron or steel, for pipes, boiler shells, tanks, vats or the like	8481309000

Electric motors of an output of under 18.65 W, other than synchronous valued not over $4 each	8501104060
Molds for metal or metal carbides other than injection or compression types	8480490000
Marine propulsion spark-ignition reciprocating or rotary internal-combustion piston engines for outboard motors	8407210080
Sets or assortments of gaskets and similar joints dissimilar in composition, put up in pouches, envelopes or similar packings	8484900000
Automatic thermostats	9032100090
Nonelectrical instruments and apparatus for measuring or checking variables of liquids or gases, nesi	9026806000
Light-emitting diodes (LED's)	8541402000
Filtering or purifying machinery and apparatus for gases, other than intake air filters for internal combustion engines or catalytic conv.	8421398015
Electrical variable resistors, other than wirewound, including rheostats and potentiometers	8533408070
Parts of seats nesoi, for seats of a kind used for motor vehicles	9401901020
Connectors: coaxial, cylindrical multicontact, rack and panel, printed circuit, ribbon or flat cable, for a voltage not exceeding 1,000 V	8536694010
Electrical filament lamps nesi, designed for a voltage not exceeding 100 V, excluding ultraviolet and infrared lamps	8539293050
DC motors nesi, of an output of 746 W but not exceeding 750 W	8501316000
Parts of air or gas compressors, nesoi	8414904175
Parts suitable for use solely or principally with the machinery of heading 8425	8431100090
Parts of converters, ladles, ingot molds and casting machines, of a kind used in metallurgy or in metal foundries	8454900030
Parts of ball bearings (including parts of ball bearings with integral shafts), nesi	8482993500
Pressure-reducing valves for pipes, boiler shells, tanks, vats or the like	8481100090
Safety or relief valves for pipes, boiler shells, tanks, vats or the like	8481400000
Parts and accessories for automatic regulating or controlling instruments and apparatus, nesi	9032906180
Molds for rubber or plastics, injection or compression types, other than for shoe machinery or for manufacture of semiconductor devices	8480718045
Floating structures nesoi (for example, rafts, other than inflatable rafts, tanks, cofferdams, landing stages, buoys and beacons)	8907900030
Molds for metal or metal carbides, injection or compression types	8480410000
PCBs and ceramic substrates and subassemblies thereof, for color TV, not with components listed in add. US note 4, chap. 85	8529900600
Parts of airplanes and helicopters, nesoi	8803300030
Reciprocating positive displacement pumps for liquids, not fitted with a measuring device, nesi	8413500050
Parts and accessories of navigational instruments and appliances, nesi	90149060
Ships' logs and depth-sounding apparatus	90148020
Connectors: coaxial, cylindrical multicontact, rack and panel, printed circuit, ribbon or flat cable, for a voltage not exceeding 1,000 V	85366940
Radio navigational aid apparatus, other than radar	85269100

Mounted piezoelectric crystals	85416000
Transistors, other than photosensitive transistors, with a dissipation rating of 1 W or more	85412900
Radar, radio navigational aid and radio remote control antennas and antenna reflectors, and parts suitable for use therewith	85291040
Electrical terminals, electrical splicers and electrical couplings, wafer probers, for a voltage not exceeding 1,000 V	85369040
Aluminum electrolytic fixed capacitors	85322200
Ceramic dielectric fixed capacitors, single layer	85322300
Ceramic dielectric fixed capacitors, multilayer	85322400
Transistors, other than photosensitive transistors, with a dissipation rating of less than 1 W	85412100
Semiconductor devices other than photosensitive semiconductor devices, nesi	85415000
Parts of diodes, transistors, similar semiconductor devices, photosensitive semiconductor devices, LED's and mounted piezoelectric crystals	85419000
Electrical fixed resistors, other than composition or film type carbon resistors, for a power handling capacity not exceeding 20 W	85332100
Fuses, for a voltage not exceeding 1,000 V	85361000
Dielectric fixed capacitors of paper or plastics	85322500
Combinations of thermometers, barometers and similar temperature and atmosphere measuring and recording instruments, nonelectrical	90258050
Parts (other than printed circuit assemblies) of electrical transformers, static converters and inductors	85049096
Marine propulsion spark-ignition reciprocating or rotary internal-combustion piston engines for outboard motors	84072100
Marine propulsion spark-ignition reciprocating or rotary internal-combustion piston engines, nesi	84072900
Marine propulsion compression-ignition internal-combustion piston engines	84081000
Hydrojet engines for marine propulsion	84122940
Parts of hydrojet engines for marine	84129010
Ships' or boats propellers and blades	84871000
Optical navigational instruments, nesi	90148010
Electrical navigational instruments and appliances, nesi	90148040
Nonelectrical navigational instruments and appliances, nesi	90148050
Radar, Radio Navigational Aid And Radio Remote Control Antennas And Antenna Reflectors, And Parts	8529104040