MABUCHI MOTOR AMERICA CORP.
3001 West Big Beaver Road, Suite 328
Troy, Michigan 48084
Tel: 248-816-3100

My name is Anne Hoef and I am the Treasurer of Mabuchi Motor America Corp. (hereafter, "Mabuchi America"). Our office is in Troy, Michigan, which is located 20 miles north of Detroit. We are an American company and have been in business since 1977. Our staff of 25 hardworking, full time employees rely on Mabuchi America for their livelihood.

Mabuchi America engages in the import and resale of small DC motors to customers in North America. Our sales are approximately $180 million per year. We sell about 90 different motor models – from tiny electric toothbrush motors to larger motors for vehicle power windows and seats. Our motors are very well accepted by customers worldwide because of our outstanding reputation for quality products at competitive prices. Automotive, medical and consumer products industries are the primary users of our products.

The proposed Section 301 Tariffs on Chinese imports applies to two of our tariff #s

- 8501.10.40 (Electric motors of an output of under 18.65 W, other than synchronous valued not over $4 each)
- 8501.31.20 (DC motors nesi, of an output exceeding 37.5 W but not exceeding 74.6 W)

Mabuchi America is unable to shift its supplier source to factories outside of China in order to avoid the proposed tariff increase. We can't shift suppliers because-

- Our sole supplier is our owner, Mabuchi Motor Co., Ltd.
- Approximately 32% of our motors are produced in China and our supplier does not have additional capacity at their Vietnam and Mexico factories.
- The cost to retool a new location would be passed onto Mabuchi America, by charging higher prices for motors. The flow-through cost from our supplier would be much higher than the proposed additional 25% tariff.

We also can't shift suppliers because-

- Our customers must validate production location changes before they can purchase our motors.
    - It takes approximately 6-12 months to validate a new production site
    - Product validation is very costly to both our supplier and our customers

I hope you can see that sourcing motors exclusively from non-Chinese manufacturers is not an option for Mabuchi America.

If the proposed tariff is implemented, it will cause disproportionate economic burden on Mabuchi America. The tariff will affect approximately $17 Million or 9% of our annual sales, increasing tariffs by $3.6 million/year. In order for us to remain profitable, we would have to increase prices to our customers. Such a price increase, which would be about 21% per DC motor, would put Mabuchi America at a significant price disadvantage compared to motor manufacturers and distributors outside the China supply chain. Ultimately, this could mean

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reduced sales and profits for us. We would likely need to lay off two staff, since staffing is based on our projected sales.

Unfortunately, our U.S. manufacturing customers will be impacted the most by the proposed tariff increase. These customers would likely evaluate whether to continue using our motors at a higher price. Or they might try to find a non-Chinese made model somewhere else. It may not be easy to find another supplier that can provide the specific motor model that they need. If they are able to identify a new supplier, they must validate the product before using the motor in their application. Whether they stay with Mabuchi America or move to a different supplier, our customers will certainly be negatively affected by the proposed tariff increase.

And like us, our customers will probably need to pass the added cost to their customers, ultimately the U.S. consumer. Consumers will pay the cost of this tariff with higher prices for medical services, consumer goods and automobiles.

Mabuchi Motor America Corp. respectfully requests that the proposed tariff increase on tariff #s 8501.10.40 and 8501.31.20 on Chinese imports be removed from the proposed action.