

Section 301 Committee Comments

Comments of Jeffrey Pizzola, Chief Operating Officer, Americana Development, Inc.

Docket No. USTR-2018-0005

Panel 17, May 17, 2018

U.S. ITC, Courtroom A, 500 E Street SW, Washington, DC

Thank you for the opportunity to testify at this hearing concerning the proposed action in this Section 301 case. My name is Jeffrey Pizzola. I am the Chief Financial Officer and Chief Operating Officer of Americana Development, Inc. headquartered in Reynoldsburg, Ohio. Our company manufactures steel wheels used on all types of recreational vehicles, trailers, as well as on riding lawnmowers, golf carts, snow blowers, ATV/UTV, and other types of utility and agricultural equipment. We have three wheel manufacturing locations, in Ohio, Indiana, and Georgia, where we employ over 400 people.

We request that changes be made to the products on the list in order to remedy current and potential future disruptions in the U.S. wheel market. Specifically, we ask that wheels be added to the list, and that steel materials of Chapter 72 be removed.

Steel as the primary raw material component is approximately 62% of the total manufactured cost of a wheel. Our company does not use imported steel in our wheel production. In fact, we buy only U.S. steel from American producers. Because steel sheet metal is a fungible commodity, increases in duties on steel imported from China under the Section 232 case, have resulted in U.S. producers raising their prices as well. In my written submission, we provide a chart, which tracks the price of the steel we paid during the period from before to after the announcement of the Section 232 action. Since the start of the year, the price we pay for steel used in the manufacture of our steel wheels has risen by over 41% and is likely to go higher.

In contrast, steel wheels manufactured in China are made from lower cost steel which is not subject to increasing prices caused by import duties, and additionally are eligible for multiple Chinese government subsidies and tax refunds. This imbalance has

caused a severe disruption of our domestic wheel industry, made worse by higher U.S. steel prices. Our American customers have informed us that as a result of our increasing prices caused by inflated steel costs, they will switch to purchasing finished steel wheels and wheel assemblies imported from China. By applying duties to raw steel but not to finished steel wheels, the U.S. government has created an artificial imbalance that actually favors Chinese steel wheel manufacturers over domestic manufacturers.

In order to remedy the existing disruption of our industry that I have described, we ask that wheels be added to the list of products subject to additional duties.

In order to avoid additional disruptions to our industry, we also ask that steel products of Chapter 72 be removed from the list, because duties on steel in addition to those already imposed by the Section 232 case will only serve to make worse the disruptions and adversity caused to our industry.

Adding wheels to the list is a major step towards leveling the playing field for our U.S. wheel manufacturing operations. Also, due to the presence of non-Chinese suppliers of wheels to the U.S. market as identified in my written comments, adding wheels to the list will not cause additional disruptions to our market or to the U.S. wheel consumer. But if wheels are not added to the list, as a result of the higher U.S. steel cost, there will be a loss of jobs in the USA and steel wheel manufacturing in the USA will not be sustainable.

It is true that protecting steel manufacturers with tariffs may protect steel mill jobs in the short-term. But jobs in a wheel factory are jobs too! If the tariffs are used to protect raw material manufacturing jobs and not used to protect the jobs of people who use such raw materials, great long-term harm will result. More people are employed in steel-using businesses than in steel-making businesses. If you drive all of us out of business, then there will be no market for the output from the steel mills in the end.

In short, making our proposed changes to the list is a win-win situation. The Trade Representative's goals of incentivizing China to correct its unfair practices without causing harm to the U.S. economy will be achieved. And additionally, a great disruption

of the wheel industry that favors Chinese manufacturers over U.S. manufacturers will be corrected and American wheel manufacturing jobs can be preserved.

Thank you again for considering my comments. I am happy to answer any questions.