

**PROPOSED DETERMINATION OF ACTION PURSUANT TO  
SECTION 301 OF THE TRADE ACT OF 1974 IN RESPONSE TO  
CHINA'S ACTS, POLICIES, AND PRACTICES RELATED TO  
TECHNOLOGY TRANSFER, INTELLECTUAL PROPERTY, AND INNOVATION**

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**HEARING TESTIMONY  
SEEKING INCLUSION OF ADDITIONAL ITEMS ON THE SECTION 301 PRODUCT LIST  
FILED ON BEHALF OF ELECTRIC MIRROR**

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Good morning. My name is Jim Mischel, and I am the President and Chief Executive Officer of Electric Mirror, LLC. I appreciate the opportunity to appear today in support of action under section 301 of the Trade Act of 1974. As USTR's report found, the government of China has implemented various unreasonable and discriminatory programs that burden or restrict U.S. commerce at the expense of family-owned businesses like Electric Mirror's. For example, the *Made in China 2025* ten-year plan issued in 2015 supports specific industries and sets explicit market share goals for Chinese producers in dozens of high-tech industries. Beneficiaries of these programs in China obtained foreign technology through various means, including intellectual property theft, enjoyed preferential treatment in their home market due to the use of Chinese-developed standards that discriminated against imports, and increased their foothold in other markets, including the United States. Not surprisingly, U.S. firms like Electric Mirror had the opposite experience. That is why I am appearing here today on behalf of Electric Mirror and all of its employees to request that the Trade Representative include lighted mirrors on the list of products imported from China that would be subjected to additional *ad valorem* duties of 25 percent.

## **Electric Mirror and Its Innovative Products**

Electric Mirror is a family-owned and operated firm with state-of-the-art manufacturing operations in Everett, Washington. Electric Mirror is recognized globally as a premier designer of lighted mirrors, mirror televisions (TVs), and mirrors with integrated technology. We have received numerous awards over the years as an employer and domestic manufacturer.

Electric Mirror manufactures a range of lighted mirror products in various sizes and configurations, including mirrors mounted near or above bathroom sinks and full-profile mirrors. It manufactures mirrors integrated into cabinets and wardrobes and mirrors for use in interior decorating. By removing the mirror's backing in certain areas to allow lighting behind the mirror's surface to shine through, Electric Mirror offers hundreds of patterns for its lighted mirrors.

Lighted mirrors typically involve four major components: (1) lighting; (2) chassis; (3) electrical components; and (4) mirror. Some of our lighted mirrors also include innovative connective technology, such as Savvy™ and Savvy™ Voice, as well as capacitive touch controls. Vive™, Electric Mirror's Bluetooth® enabled mirrors connect to mobile devices such as cell phones or tablets to play music and other audio signals. Keen™ and Ava™, Electric Mirror's dimming touch control technology, allows full control of lighting, color temperature, and dimming. Some lighted and unlighted mirrors feature a section that includes a defogger. Electric Mirror also manufactures lighted mirrors that allow integrated clocks or other digital displays to shine through the mirror's surface. We provided copies of our product brochures in Exhibit B of our May 11, 2018 written comments.

Electric Mirror's products are well recognized and marketed worldwide to hospitality and commercial industries. In the United States and Canada, our representatives also target

healthcare, senior living, and residential markets. Over 400 high-end kitchen and bath showrooms feature Electric Mirror's lighted mirror products.

### **Roadblocks Electric Mirror Encountered from Products Made in China**

Electric Mirror already owns over 40 patents and has applied for several more. Consistent with the goals of the *Made in China 2025* program, however, several competitors in China have already stolen some of Electric Mirror's intellectual property, as discussed in more detail in our May 11 written comments. In order to protect its intellectual property rights, Electric Mirror filed patent infringement claims against five importers at the U.S. International Trade Commission and in various federal courts. The relief was inadequate, and the costs outweighed the benefits received. Despite these efforts, Electric Mirror has experienced a "whack-a-mole" phenomenon also faced by other U.S. industries, where one company's offending imports are quickly supplanted by offending imports by another supplier in China.

Due to the popularity of its well-made and creative designs, Electric Mirror's lighted mirror sales and revenues grew steadily through 2013, leading Electric Mirror to invest in newer, larger U.S. production facilities that opened in late 2015 and early 2016 and to hire more employees. Beginning in 2014, however, U.S. imports of lighted mirrors from China surged, pressuring Electric Mirror to lower its prices or lose individual sales or even entire customers. Lost sales led to lower revenues and required Electric Mirror to reduce employment.

Alarming, Electric Mirror has to compete against "knock-off" products that jeopardize public safety. To cut corners, lighted mirrors manufactured in China often have not been tested by a recognized testing laboratory. In contrast, Electric Mirror's sales in China are impeded by the requirement to comply with Chinese safety approval requirements and must overcome an imbalance in tariff duties.

### **Requested Relief**

On behalf of my family and all of Electric Mirror's employees, I respectfully ask that the Trade Representative add lighted mirrors to the list of proposed products covered by the section 301 relief. This would respond to increasing imports of lighted mirrors from China that benefit from unreasonable and discriminatory assistance from the government of China, protect U.S. consumers from imported products that may jeopardize their safety, and ensure that U.S. manufacturers, such as Electric Mirror, are able to protect their intellectual property and compete on a fair playing field with their creative and innovative technology. Lighted mirrors are similar to the types of products and product categories (such as other types of mirrors and integrated electronics products) already on the section 301 proposed list. We provided additional information on the applicable HTS subheadings in our written comments.

As a manufacturer of innovative products, Electric Mirror values this Administration's creativity and persistence in trying to respond to the government of China's programs that are adversely impacting small, family-operated U.S. businesses and their employees. Thank you for the opportunity to bring this urgent matter to your attention. I welcome any questions.