

Subject: Testimony Regarding the Proposed Action in the Section 301 Investigation of China's Acts, Policies and Practices Related to Technology Transfer, Intellectual Property and innovation.

Date and Time: May 17th, 2018, 9:00 AM, Panel 14

Location: International Trade Commission
500 E Street SW
Washington, D. C.

Presented by: Sunbright USA, Inc.
8909 East Avenue, Mentor, OH 44060
Robert C. Spinello, President

Dear Mr. Robert Lighthizer and Members of the Section 301 Committee,

My name is Robert Spinello, President of Sunbright USA, Inc. Our business is to import precision metal machined parts, mostly from our Chinese partner, Mr. Teem T. Y. Tang who is owner of Sunbright Precision Hardware Co., Ltd., with offices in Hong Kong and factories in Shenzhen and Huizhou, China. We have been in business for 15 years, do \$14mm in annual sales mostly to US OEM's who buy our high quality, cost competitive parts. They then use those parts to make devices, like aircraft seats, medical devices, stretchers, welding machines and others. Our customers compete in the world markets and must build high quality, cost competitive devices in order to attract and keep customers. In so doing they build businesses in the USA and employ many American workers.

Our main supplier, Sunbright China, is wholly owned by Mr. Tang, a citizen of Hong Kong and China, who holds a manufacturing engineering degree from a university in Hong Kong. As a private company, Sunbright China has no government control, interference or subsidies from the Chinese government. Sunbright China is certified to AS9100, and uses high quality equipment and tooling, like Haas Milling Machines which are made in the USA.

Each part which we make for our customers is unique. It takes usually 3 to 6 months to develop and get approval on each part. This process includes quoting, material selection and procurement, process design, making and getting approval on the samples. I point this out because this is a time consuming process for Sunbright and for our customers. Also, as we supply about 800 different parts, there is a lot of time and money invested in setting up these parts so that they work exactly as needed in the customer's product.

Our customers can choose from many good sources for their parts, in China, the USA or other countries. Our business is very competitive. Therefore we must be very good in order to get and keep business.

The 25% additional tariff proposed under the US Trade Representative's Docket # USTR-2018-0005 would raise our customer's costs. It would therefore render their products to be less competitive in the marketplace and force them to look elsewhere in the world market for parts. As manufacturing costs are less in emerging economies, I suspect most of these parts would be sourced outside the USA.

Let me use an example of one customer, SSC Controls Company to show how our low cost components create jobs in the United States. SSC Controls employs 20 people in making foot switches. Overall, about 30% of the parts they use are from China, the rest from the USA. They buy stampings from a company down the street. They buy plastic molded parts from a company in the Cleveland area. They buy high quality electric cable from a company in Indiana. In buying cost sensitive parts from China, they can compete in the US and world markets. About 15% of their product is exported, some to the UK, Canada, Japan and others. Foot switches can and are made all over the world. Because SSC has low costs, they employ US people as do their local suppliers. Then all win in the world markets.

Note SSC is one small company. Imagine competing in aircraft seating, medical devices, welding machines and others. These companies can and do manufacture in many parts of the world and can easily move their manufacturing elsewhere. They must keep their costs low to compete. USA workers are paid more than others. Using low cost, high quality parts helps these companies compete in the

world markets while making devices in the USA.

I understand that certain trade practices used by China are unfair and/or not compliant with WTO rules. This needs to be changed. However, our Chinese business partner does not engage in unfair practices. Good negotiating by your teams will make the difference. I therefore ask that you do not impose tariffs which will affect us, as per the attached list.

We at Sunbright praise the efforts of the trade negotiating team in making Chinese trade practices fair. We ask, however, that you do no harm to our business, the business of our customers and domestic suppliers and the many US workers they employ.

Respectfully submitted,

Robert C. Spinello
President, Sunbright USA, Inc.

HTS number of Sunbright USA products on the US Trade Representative's List

7318.16.0085
7608.20.0030
8403.90.0000
8421.99.0080
8431.39.0010
8431.41.0080
8441.90.0000
8443.99.5050
8479.90.9496
8483.50.9040
8405.90.9690
8515.90.2000

8515.90.4000

8536.69.4020

8541.90.0000

8808.30.0030

8906.90.0090

9019.20.0000

9026.90.4000

9026.90.4000

9026.90.4000

9030.40.0000