My name is Bernard S. Feldman. I am an attorney of BERNARD S. FELDMAN, P.C. I am testifying for American Wire Group, Inc. and Classic Wire and Cable, LLC. We appreciate the opportunity to testify before the Section 301 Committee.

American Wire Group and Classic Wire and Cable are small U.S. importers of electric wires and cables. American Wire Group is headquartered in Miami, FL, while Classic Wire and Cable is headquartered in Hallandale, FL. They are separate but related entities. Both import electrical wires and cables. American Wire Group services the utility and renewable energy sectors on a direct basis. Classic Wire and Cable focuses on the commercial and industrial markets exclusively through electrical distribution channel.

We request bare and insulated electric wires and cables classified at HTSUS 7614.10.10, 7614.90.20, 8544.49.10, 8544.49.20 and 8544.60.60 be excluded from the list of products to be subject to the Section 301 tariffs, for the following reasons.

First, the proposed tariffs will have a detrimental effect on American Wire Group and Classic Wire and Cable. These two companies hire over 40 employees in total. In 2016, we started an expansion project to redevelop our distribution centers on both coasts so we can give our customers the ability to receive our products within 2 to 3 days after they place an order. In 2017, we completed our first investment in a distribution center in Los Angeles. The distribution center is 100,000 square feet and can hold approximately $10 million worth of wires and cables in average inventory. This expansion allowed us to increase our workforce by 8 employees.

In 2017, we continued the initiative to reinvest in our eastern coast facility. In 2018, we invested $2 million in a new location in Pennsylvania. We relocated our Pennsylvanian distribution center near a veteran's affairs facility. Our intention was to offer jobs to returned-military

Americans who are skillful and eagerly seeking jobs. In this facility, we intend to hire 15 full time employees with skills in warehouse management, logistics, communications, and other essential skill functions. If Annex C is implemented with our products included, our ability to execute on this plan is at risk.

Further, U.S. production of wire and cable products is dominated by a few multinational players with property, plant, equipment and investment in the USA such as Nexans (which is a French company), General Cable (who was recently purchased by Prsymian SA, an Italian company), Southwire (which is USA owned), LS Cable (which is a Korean company) and few other smaller companies. They restrict their product distribution to major distributors, whose parent entities are also foreign owned. For example, Rexel is French owned; Sonepar is French owned. Small distributors like us will not be selected by these domestic manufacturers as their distribution partners. If the proposed tariffs are implemented, distributors outside their network will have no products to sell, therefore will be forced to closure.

Second, the proposed tariffs will likewise disrupt other small businesses like us. From Priority Wire & Cable's testimony submitted previously, we understand the implementation of tariffs on the same tariffs could lead to hiring freeze. Small businesses like us are the lifeblood of American entrepreneurship and source of new jobs. If small businesses are put out of business, hardworking Americans are those who will suffer.

Third, if the proposed tariffs are implemented, the domestic demand cannot be satisfied by domestic production. The direct results of supply shortage will be uproar in price, longer delivery times, inflationary shipping and other ancillary costs, and inability to timely provide disaster relief. I will expound on these points later. With the recent growth in the economy and additions of jobs

to the marketplace, we are seeing an upturn in the demand for our products, which cannot be satisfied through domestic production. The demand for our products is driven by new and renovation investments in the residential, commercial, industrial and infrastructure construction marketplaces. According to IBUS World Report, a research firm specializing in macroeconomic industry reports, the USA wire and cable manufacturing marketplace is a $15.5 billion industry, among it, $8.8 billion of the USA demand is satisfied through imports from Mexico ($2.9B), China ($3.5B), Canada, Germany and ROW ($2.4B). The domestic production cannot meet U.S. demand. The domestic manufacturers operate at capacity and do not have the infrastructure in place to meet the US demands, and it would take a minimum of two years to expand their capacity. If the proposed tariffs are implemented, while waiting for their construction, the US consumer will be paying for very expensive wires and cables, while companies like us will suffer or go out of business.

Fourth, the proposed tariffs will give a handful of domestic manufacturers the monopolizing power. As I have stated earlier, the domestic production is dominated by a few multinational players who only work with a few foreign owned distributors. If the proposed tariffs are implemented, smaller distributors like us will go out of business and the domestic market will be monopolized by a few multinational corporations.

Fifth, the proposed tariffs will harm American consumers, manufacturing sectors as a whole, and the renewable energy industry. As conceded by Southwire, the upstream aluminum products (aluminum rod and aluminum ingots in sow and T-bar form) which serve as raw materials for these cables are subject to 10 percent tariffs imposed pursuant to Section 232 of the Trade Expansion Act of 1962, as amended. Domestic manufacturers have to pay a tariff on the raw materials. The Section 232 has already pressured the price of domestically produced wires and

cables upward. With the first round of Section 301 tariffs, the price of wires and cables has gone up anywhere from 21-28% even before the tariffs were in effect. We expect similar or even higher price jump with the second round of tariffs. The ultimate result will be American families paying higher electricity bills and American manufacturers being disadvantaged in international competition due to increase in production costs. Because these products are widely used in solar and wind power applications, renewable energy will become more costly, with the concurrent degradation of our environment.

Sixth, if the proposed tariffs are implemented, in times of natural disaster, such as hurricanes, snow storms and wildfires, the domestic manufacturers will not have enough inventory of wires and cables for electricity grid repair. Nor will they have the capability to dispatch to areas struck by natural disasters. On the other hand, we always have sufficient inventories in our distribution centers on both coasts. In times of natural disasters, we can distribute wires and cables to disaster affected sites within 24 to 48 hours on expedited basis. Also, considering that we are headquartered in the Miami area, we have a large distribution center there. We are extremely capable of dispatching wires and cables to hurricane frequented areas such as South Florida, other Southern coastal states and Puerto Rico.

Seventh, the proposed tariffs do not necessarily benefit U.S. employment. We commend our government's initiative to curb unfair competition by the Chinese government and to grow U.S. employment and economy. However, if the proposed tariffs are implemented, the domestic manufacturers do not necessarily expand their domestic production, thereby expanding their domestic recruitment. More likely, because most of them are foreign owned, they can just import from their parent companies or related companies in other countries.

Eighth, the proposed tariffs will not cure the discriminatory practices by the Chinese government. The manufacturing process for wire and cable has not changed in decades. No trade secrets, technology or intellectual property is shared with manufacturers of these products. United Laboratories has spelled out the standards to make wire and cable so the technology is public information. The equipment used to manufacturer these cables are readily available on the open market and produced to standard specifications available from UL or ASTM. The main component used to make this material is copper or aluminum rod much of which is imported for use by US manufactures. After the rod is received the process of making wire and cable is not a labor intensive one and does not create the jobs that will make up for the loss of jobs by imposing this tariff.

Lastly, it will be a great injustice to put these products on the tariff list where we, the small businesses, cannot afford to import while the domestic big players can have them excluded because they have investment in China. We understand that most of the domestic manufacturers have an investment in China. For example, Southwire commissions new SCR rod system in China recently. It is expected if these items are put on the Section 301 tariffs, Southwire, and other domestic manufacturers will petition to have their imports excluded because they have interest in Chinese factories or they can claim that their technologies were not forced to transfer to Chinese enterprises.

For the above reasons, we request the exclusion of bare and insulated electric wires and cables classified at HTSUS 7614.10.10, 7614.90.20, 8544.49.10, 8544.49.20 and 8544.60.60 from the tariff list. Thank you.