Testimony of Michael Kersey, President of the American Lawn Mower Co. and Great States Corporation Office of the U.S. Trade Representative Hearing on the Section 301 China Investigation on Annex C Docket No. USTR-2018-0018 July 24, 2018

Members of the Section 301 Committee, thank you for the opportunity to testify today. I am Michael Kersey, President of the American Lawn Mower Co. and Great States Corporation, which I will refer to today as "ALM."

ALM, a small family-owned Indiana company, is more than 120 years old. We have provided the consumer with a reliable, low emission, easy to use option, in the lawn and garden equipment market since the company's founding in 1895. At that time, Robert B. Kersey, my great-grandfather, started his business focusing on the reel lawn mower. The reel mower, which is solely powered by the operator's force, continued to be the company's backbone into the early 1940's. After a brief shift to manufacturing for the U.S. military in support of our armed forces during World War II, the company went back to its bread and butter, the reel mower, and has continued to be an industry leader in this market segment despite the introduction of the gasoline powered mower.

During the shift from reel to gasoline mowers, ALM was able to weather a well-saturated reel market of over 60 domestic suppliers in the early 1950s to four in the 1970s, by providing excellent quality, by focusing on customer service, and by the vertical integration of ALM's processes. Starting in the 1980s, the company made the decision to expand its product offering into the small manual garden tiller market. In the 2000s we began offering corded and battery "walk behind" rotary tillers which today are some of the most popular small garden tillers on the market. ALM tillers, mowers, and other products are sold at Walmart, The Home Depot, Amazon, Lowe's, Ace Hardware, TrueValue and more.

ALM's electric corded and battery-powered tillers are on the Annex C list of additional items proposed for Section 301 tariffs. We provided the tariff number of concern with our Request to Appear at Hearing dated June 29, 2018 and in our written comments filed on July 23, 2018. The tiller represents a large portion of our current sales and is vitally important to our plans for growth.

To the best of our knowledge, there are no electric or battery-powered tillers that are wholly manufactured in the United States. We have no option but to import these tillers, and the predominant source is China. It is difficult to imagine that other countries would be able to replace China as a supplier of tillers, at least within a year's time, and it would be difficult to foresee ALM manufacturing these products in the United States without a lengthy disruption in supply. If the Administration imposes tariffs on these products, it will jeopardize ALM and ALM jobs without helping a single U.S. manufacturer or U.S. manufacturing job.

Because ALM tillers are designed primarily for home use, the proposed tariff on our tillers would have a disproportionate impact on individual consumers of yard and gardening tools. Furthermore, because relatively lightweight battery and corded tillers provided by ALM and others are very popular with women and elderly for use in home gardens, women and elderly consumers would be affected disproportionately by the proposed tariff.

Electric corded/battery tillers are not the high-technology items identified in China's "Made in China 2025" Plan. These tillers are not part of any market harmed from China's intellectual property practices, nor do they contribute to China's high tech ambitions. Imposing tariffs on tillers would run counter to what the Administration is trying to accomplish. Adding tariffs on tillers would only encourage Chinese producers of these goods to migrate to more expensive, higher tech products – the sort of products the Administration is attempting to target with these 301 tariffs.

Section 301 Committee, ALM will supplement this testimony, as necessary, with a post-hearing brief, but I thank you for the opportunity to testify today and I look forward to any questions.