PROPOSED TESTIMONY
July 24, 2018 Section 301 Committee Hearing
KITTRICH CORPORATION

RE: USTR-2018-0018

David Koerner, General Counsel

I would like to thank the members of the Section 301 Committee for giving me the opportunity to testify with respect to the effect that the proposed additional duties may have on my employer, Kittrich Corporation and its employees, customers and partners in commerce. We support efforts by the administration to facilitate fair trade, but do not believe that the tariff applying to materials we import from China will necessarily achieve the optimal results for America and its consumers.

Kittrich Corporation ("Kittrich") is a privately-held California corporation, headquartered in Pomona, California (Los Angeles County) and in business since 1978. We also have facilities in New York, Georgia and Kentucky. We manufacturer and/or distribute various consumer and household products, available at reasonable cost through a variety of sources, including e-commerce sites such as Amazon.com, mass market retailers such as Walmart and Target, and other easily accessible retail channels.

Over the years, millions of Americans have used our various products, such as our Con-Tact brand shelf liner, protective covering, or non-slip rug pads, whether for home improvement, home décor, safety, and more, to help improve their lives and lifestyles. Our products help, among other things, to protect surfaces, keep things clean, create smooth surfaces, and serve a variety of other purposes. We offer affordable and easily available household products to American consumers.

Kittrich believes that subjecting the products and/or product components that we import from China will only serve to raise prices for U.S. consumers without adequately reducing or eliminating the unreasonable and/or discriminatory practices, actions, and/or policies that China may be implementing against the U.S.

Kittrich therefore respectfully requests that products, and/or components that it imports from China not be subject to additional duties or tariffs being considered by the United States Trade Representative ("USTR") pursuant to Section 301.

Annex C HTSUS Subheadings With Proposed Additional 25 percent Ad Valorem Duty That Will Negatively Impact Kittrich and its Customers:

3919.10.10, 3919.10.20, 3919.90.10, 3919.90.50, 3920.10.00, 3920.20.00, 3920.30.00, 3920.43.10, 3920.43.50, 3920.49.00, 3920.51.10, 3920.51.50, 3920.59.10, 3920.59.40, 3920.59.80, 3920.61.00, 3920.62.00, 3920.63.10, 3920.63.20, 3920.69.00, 3920.71.00, 3920.73.00, 3920.79.05, 3920.79.10, 3920.79.50, 3920.91.00, 3920.92.00, 3920.93.00,

3920.94.00, 3920.99.10, 3920.99.20, 3920.99.50, 3921.11.00, 3921.12.11, 3921.12.15, 3921.12.19, 3921.12.50, 3921.13.11, 3921.13.15, 3921.13.19, 3921.13.50, 3921.14.00, 3921.19.00, 3921.90.11, 3921.90.15, 3921.90.19, 3921.90.21, 3921.90.25, 3921.90.29, 3921.90.40, 3921.90.50

The above HTSUS Subheadings represent a variety of self-adhesive and/or non-adhesive plates, sheets, film, foil and/or strips of various materials composed of plastics, polymers, fabric, fibers and other components.

New Duties Raise Prices, Harming Kittrich and American Consumers:

One of the ways Kittrich is able to serve so many American consumers, is through its low-margin, mass market approach, which makes our products readily available, online and in stores, at prices the typical American consumer can afford. If the duties imposed on raw materials we import to manufacture our products increased by twenty five percent (25%), we would be forced to increase prices, both at the wholesale and retail level, which could negatively impact sales. If Kittrich sales and/or margins were to be reduced, that could force a reduction in the work force that we currently employ in multiple states. Further, many of the retailers who sell a significant volume of our products could see a reduction in sales, possibly negatively affecting them and/or their work force. We do not believe the intention of Section 301 is to reduce product availability and/or cause the loss of American jobs.

Alternate Suppliers Are Not A Viable Alternative:

Kittrich's manufacturing process requires certain specifications in formulation, thickness and quality. We have invested significant time and resources in research and development based on sourcing, to ensure the highest quality product for the price. Even if alternate suppliers were available, whether in the United States or elsewhere, it would take a significant commitment of time, money and other resources before we could resume manufacturing at the level that our distributors and customers demand. This slow-down in our production would negatively impact the supply available to the marketplace, therefore negatively impacting distributors, retailers and customers. Again, this could mean loss of jobs, reduction in sales revenues for many companies and loss of availability of products that our customers utilize on a daily basis. Again, while we agree with the overall objective of obtaining elimination of China's harmful acts, policies and practices, we would nonetheless again question whether the intent of Section 301 is to have negative ramifications to the U.S. economy and American consumers.

Kittrich Products Are Not the Type of Products That Would Be Considered a Target of China's "Made in China 2025" Initiative:

Although Kittrich does own a portfolio of intellectual property, including patents and trademarks, the products and/or components that Kittrich sources from China would not be considered the type of high-tech or cutting edge technology that the Chinese

government might seek to control or monetize. Kittrich, to date, has not been subject to any efforts by the Chinese Government to unfairly own, control, invest in, or otherwise pressure us to obtain any interest in any right or intellectual property owned or controlled by Kittrich. We do not believe that subjecting the HTSUS products referenced above to the additional duty will have any effect on protecting our interests in China or elsewhere.

Thank you again for allowing me to appear. Kittrich Corporation respectfully requests that the Section 301 Committee re-evaluates the imposition of the increased duties proposed on the Annex C products that would negatively impact our company, our employees, our customers and our partners in commerce. Thank you.