Hearing on Section 301 Proposed Tariffs, No. USTR-2018-0018

Testimony by Joseph Cohen, CEO of Snow Joe LLC
July 24, 2018

Good afternoon. I am Joseph Cohen, the founder and CEO of Snow Joe. I'd like to testify today about the significant harm that would be caused to American consumers and businesses if a 25 percent tariff is imposed on home garden tillers and log splitters.

Two months ago, I testified before this Committee about the unintended consequences that would result from imposing tariffs on electric and cordless snow blowers and show shovels. I am grateful to have had the opportunity to voice my concerns, and even more grateful that the Committee excluded these products from the final list of Section 301 duties.

The facts supporting my testimony today on summer garden tools are the same as they were for our snow removal products. As I will explain, there are currently no other sources for these seasonal home products outside of China. As a result, if a 25 percent tariff is imposed, consumer access to these everyday tools will be restricted, and U.S. jobs will be put at risk.

At the same time, because home and garden tools are not Made in China 2025 priorities, the goals of this investigation would not be advanced by imposing tariffs on these items. I am therefore hopeful that home garden tillers and log splitters will be excluded from the final tariff list.

As I testified two months ago, I launched Snow Joe almost 15 years ago, when I was a junior in high school. I invented my first product – an electric snow shovel – to provide Americans with a better, more affordable tool to clear out snow during a storm. The product sold out in 7 minutes on QVC, and my company was born.

By 2009, Snow Joe had expanded beyond winter products in order to meet customer demand for affordable, easy-to-use lawn and garden tools. We sell these products under the brand name Sun Joe.

Today, Snow Joe is a thriving and rapidly growing company which creates work for hundreds of Americans and has more than $250 million in retail sales. We take pride in our continued development of innovative and high quality outdoor tools for American consumers of all ages who want to be able to clear their own snow, do their own yardwork and care for their own gardens. We invest heavily in American R&D and provide work for approximately 300 people primarily in the greater New Jersey and New York areas. This month, we opened a new 277,000 square foot state-of-the-art distribution and test facility in Mahwah, New Jersey that will support at least 100 more jobs. We are also expanding into Washington state with a planned 200,000 square foot facility in 2020.

Because we are a company founded on American ingenuity, Snow Joe recognizes the importance of fair and reciprocal trade and protecting intellectual property rights. We therefore appreciate the goals that the Administration has set to promote these policy priorities. However, we believe that proposed duties on electric or battery-powered tillers and log splitters would cause undue harm to our customers and to our company without addressing the stated concerns of the Administration.

Like our snow removal tools, Snow Joe's non gas-powered tillers and log splitters are designed and developed in the United States. However, as I will explain today, these products are manufactured in China *out of necessity*.

Since launching my company, I have always looked first for U.S. suppliers for our products. When we can, we source from the United States. For example, we produce our ice melt in Delaware.

But just as was the case for our snow tools, we have found *no* U.S. suppliers of gas-free tillers and log splitters. Even today, I am not aware of any significant production of such products anywhere in the world outside of China.

It is simply not realistic to manufacture these products in the short or medium term in the United States. American consumers use our log splitters, for example, to split wood for their indoor fireplaces. These products are primarily purchased between September and December. Similarly, tillers, which are used to prepare backyard vegetable gardens, are generally purchased over a three-month period early in the year. The hyper-seasonal nature of these products provides little incentive for the massive investment that would be needed to create new production facilities. Such investment would also take years to materialize into actual production. For a small but growing company like mine, such an investment is simply not commercially feasible.

Thus, with no known U.S. or significant third country supply source outside of China for gas-free tillers and log splitters, and in light of the significant hurdles to building such capacity in the United States in the near or medium term, we have no choice but to source from China. If tariffs are imposed, we will be unable to offset the impacts of these tariffs by shifting suppliers. As a result, the tariffs will essentially act as a tax on U.S. consumers of these products, some of which retail for as low as $99. This could particularly harm those Americans, including the elderly, who, by necessity, turn to our light-weight, easy-to-use products as an alternative to heavy, gas-powered lawn tools.

At the same time, the imposition of tariffs on these products would not advance the stated goals of the Administration. These small-scale, lightweight consumer products are plainly not a focus of China's industrial policies or its efforts to challenge U.S. leadership in high technology sectors. Nor is Snow Joe aware of any instances of Chinese intellectual property theft with respect to these products.

For these reasons, Snow Joe respectfully requests that USTR exclude from its proposed list the specific tariffs highlighted in our submission.

Thank you for this opportunity to present these views today.

I am happy to answer any questions.