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Members of the Section 301 Committee, thank you for the opportunity to testify today. I am Charlie Souhrada, Vice President of Regulatory & Technical Affairs for the North American Association of Food Equipment Manufacturers or "NAFEM."

NAFEM is a trade association of more than 550 foodservice equipment and supplies manufacturers providing products for the food-away-from-home market. These businesses, their workers, and the products they manufacture, support the foodservice industry, which includes school cafeterias, colleges and universities, correctional facilities, hospitals and eldercare, lodging and casinos, corporate cafeterias, supermarkets, convenience stores, and restaurants – more than one million locations across the United States and countless more throughout the world. In brief, NAFEM members provide the tools the foodservice industry needs to serve safe, flavorful food to their customers.

Since 1948, NAFEM has represented North American companies that manufacture the highest quality foodservice equipment and supplies on the planet, ranging from primary cooking equipment such as stoves and ovens, to storage equipment such as refrigerators, freezers, and ice machines, along with preparation

equipment like heated cabinets and racks, and serving equipment including tables, cookware, flatware, and beverage dispensers.

NAFEM's members include a range of small, medium, and large businesses throughout the United States. However, the majority of our members are small and medium-sized businesses. In fact, more than 60% of members have annual sales of $5 - $10 million and qualify as small businesses, according to the Small Business Administration. Many are family-owned and play an instrumental role in providing their communities vital, high-quality U.S. manufacturing jobs for thousands of American families, fueling the success of the U.S. economy.

We're happy to report that USTR's removal of certain products from Annex A had a positive impact for many of our members. For example, equipment for making hot drinks or for cooking or heating food was removed from Annex A, providing much-needed relief at a time when these businesses are struggling to address steel and aluminum tariffs, which have already driven up material costs on domestic steel by 30 – 40%.

We are appearing here today for many of the same reasons we submitted comments during the last round. "Annex C" contains many items of concern to our members. Just like the first round, we supplied a detailed list of the tariff numbers of concern with our request to appear dated June 29, 2018, and in our formal comments filed earlier this month.

Like certain products on the previous list, imposing tariffs on products included in Annex C has the potential to harm NAFEM members, either by

targeting material inputs, tools or the equipment used on the shop floor to manufacture commercial foodservice equipment and supplies.

For instance, polymers, resins, tubes, pipes, hoses, drilling machines, electric motors and electronic processors are included in Annex C. These items are used by NAFEM members to manufacture some of the equipment and supplies cited earlier. While these Annex C products may be available from other countries, our members rely upon complex manufacturing supply chains that have taken years to develop. Rebuilding these supply chains drains resources and will take years to source around these tariffs. This adds a regulatory burden the Administration promised to eliminate last year.

It's important to point out that the items on our list are not high tech. They are not the sort of items that benefit from China's intellectual property practices, nor do they contribute to China's high-tech ambitions.

We believe these tariffs are directly contrary to the Administration's stated priority of increasing good-paying U.S. manufacturing jobs. Instead, smart, economically competitive sourcing from global suppliers, including those in China, allows manufacturers to control costs, which protects and even expands U.S. jobs.

While we understand the President's intent is to address China's unfair trade practices, we must do so in a way that does not include tariffs that ultimately hurt American workers, U.S. manufacturers, and consumers.

We will supplement this testimony, as necessary, with a post-hearing rebuttal submission, but, on behalf of NAFEM members, thank you for the opportunity to testify today and I look forward to any questions.