TESTIMONY OF DANIEL DUNCAN
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DALLAS, TEXAS
HEARING ON SECTION 301 PROPOSED DETERMINATION OF ACTION
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Mr. Chairman and members of the panel. Thank you for the opportunity to appear today on behalf of Peerless Manufacturing Company ("Peerless") regarding one tariff item that appears on the list for possible additional tariffs. My name is Daniel Duncan and I am the President of the Energy Solutions business at CECO Environmental Corp., the parent company of Peerless. Peerless has been located in Dallas, Texas, for 85 years. The item we are concerned about is a fabricated steel wall used for the assembly of air and sound pollution equipment which will be installed behind the gas turbine in a power plant. The product is critical to an ongoing project that my company has entered into a contract for and our concern is that the tariffs would result in the non-availability of the steel walls that were contracted for, at the contracted price, which will in turn disrupt a power project being worked on in North Carolina.

CECO Environmental is an energy technology company, listed on the NASDAQ exchange under "CECE," that provides cutting edge solutions to engineering issues in the environmental pollution control, energy, fluid handling, and filtration.

The project at issue is for a Duke Energy plant in Stanley, North Carolina. The addition to the plant will increase the rated amount of the plant by 400 megawatts of power Peerless entered into a contract on October 30, 2017, with Siemens Energy, Inc. in Orlando, Florida for supply of equipment required to take exhaust from the Siemens Turbine and reduce air pollution (emissions) and sound pollution before releasing the emission to the open environment. This equipment is required by EPA regulations.

Peerless contracted in the United States or an overwhelming amount of the materials needed for this U.S. project, including all of the higher technology materials. But for low-technology, non-

proprietary goods, which account for about 10% of the project, Peerless contracted outside the U.S. As noted, this was all done well before any tariffs were proposed on these items.

However, now HTSUS 7308.90.60 has been included in the list of proposed tariffs. As I sit here today, raw materials already have been procured in China, associated payments released to China and manufacturing has already started. As a consequence, reversal of the outsourcing decision, i.e. cancellation of the contract with the China fabricator, will impose on Peerless increased cost well above 30% in addition to the liquidated damages & breach of contract with Siemens due to delays. There is no alternative for Peerless-CECO to avoid the consequences of the tariff or to pass the tariff along to our customer – Siemens. **Thus, the results of this tariff will only hurt Peerless and have absolutely no effect on the Chinese supplier company.**

We expect that all of the contracted-for product will arrive in the United States from China by the end of January 2019. Thus, we ask USTR to delay the implementation of the tariffs on this HTSUS item until February 1, 2019. This requested delay will avoid the inevitable harm to American companies **while not giving any benefit to the Chinese suppliers** and will allow us to plan future projects by developing new suppliers within the U.S. or with the new tariffs built into the cost of the project. Thank you for your time and consideration.