



INSTITUTE OF INTERNATIONAL CONTAINER LESSORS

**Testimony of Steven Blust
on behalf of the
Institute of International Container Lessors (IICL)**

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Members of the Section 301 Committee, hello and thank you for the opportunity to testify today. My name is Steven Blust and I am the President of the Institute of International Container Lessors, or IICL. The IICL is the leading trade association of container lessors in the United States. Our members lease marine cargo containers to vessel operators and other customers around the world.

Today I would like to focus my remarks on marine cargo containers, which are utilized worldwide in international maritime trade, and are classified for Customs purposes often under HTSUS 8609. Marine cargo containers are used by cargo interests to move imports and exports in international commerce as instruments of international traffic. When marine cargo containers reach an average age of about 12 years, they are removed from active service and placed in the resale market, where the containers are sold and often repurposed by small- and medium-sized businesses for a range of purposes, as you will hear today.

Imposing duties on marine cargo containers would do little, if anything, to address China's unfair acts, policies and practices, nor would these duties have any noticeable impact on China's IP practices. Indeed, while some U.S. companies import and modify containers, there is essentially no industry in the United States that manufactures

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containers, nor has there been any significant manufacturing presence for the past 40 years. This means that increased duties on marine cargo containers would do nothing to promote the U.S. manufacturing sector for these products. Marine containers have always been manufactured in locations where they can be used immediately, without incurring transportation costs to ship them to another location to pick up cargo, which will then be shipped internationally. That means that containers today are almost exclusively made in China and imposing a tariff simply would not create a container manufacturing industry in the United States nor have any impact on the manufacturing of new containers in China.

Furthermore, both the container manufacturing process and containers themselves are decidedly low-tech. These are not semiconductors, they are not communications devices, and they are most certainly not drones. They are steel boxes which have remained quite constant in design and construction for the last 60 years. Marine cargo containers are not relevant to the U.S.' leadership in high-tech manufacturing and are not remotely a focus of the "Made in China 2025" program. The materials and processes used to make them are well-established and there is zero risk of IP infringement, forced technology transfer, or theft of trade secrets. In other words, imposing duties on marine cargo containers would not achieve any of the objectives of the Section 301 proceeding.

On the contrary, imposing these duties would have substantial negative effects on U.S. consumers and the general public. If imposed, these duties would apply to marine cargo containers that have been retired from active international service and are available for various purposes within the United States, including temporary storage for retail outlets, modular housing, and storage of personal belongings. Repurposed marine cargo

containers are also used by the U.S. military and many are the “lifeblood” of disaster recovery efforts.

But, containers are only repurposed once they have reached their final destinations and the cargo is unpacked, which are often far from coastal ports. Leased containers are accepted for off-hire and resale in particular locations because our members know that the container can be sold and repurposed there. Imposing a 25 percent duty on these containers would make it significantly less likely that containers could be sold and repurposed in the heartland of America.

Without an assurance that a container can be sold, our members will be less likely to accept containers for off-hire and resale in U.S. locations. As a result, it will be more difficult for the small businesses that repurpose containers to secure equipment and their costs will rise. Of course, if costs for these small businesses rise, their options will either be to suffer the consequences themselves, pass the additional cost on to the American consumer or cease operations.

Finally, the companies in the United States that purchase used marine cargo containers often modify and repair them. These are good paying jobs that include welding, metal fabrication, and painting. Tariffs on marine cargo containers that enter the United States under HTS 8609 would put these jobs at risk.

For these reasons, we ask that marine cargo containers entering the United States under HTSUS 8609 be removed from USTR’s Annex C list. Thank you and I would be happy to answer any questions you may have.