

National Portable Storage Association

Testimony of Mark DePasquale on behalf of the National Portable Storage Association (NPSA)

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Members of the Section 301 Committee, hello and thank you for the opportunity to testify today. My name is Mark DePasquale and I am the CEO of the National Portable Storage Association, or NPSA. The NPSA is the country's leading trade association for companies that repurpose marine cargo containers for use within the domestic market. Our members purchase marine containers that are no longer used for international shipping and modify them for portable storage, offices on construction sites, use during disaster relief efforts, and use by the US military, to name just a few examples. The proposed 25 percent tariff on marine cargo containers classified under HTSUS 8609 would be devastating to my members and our industry.

Marine cargo containers are not manufactured in the United States. However, it would be wrong to think that they are not subject to any manufacturing processes in the United States. Indeed, our members take existing containers and repair, modify, and reconfigure them for all types of domestic use. This can only be achieved through hands-on, blue-collar work. The metal fabricators, welders, and painters employed by our member companies are the ones who give marine containers a new lease on life.

The companies that do this work are overwhelmingly "mom-and-pop," small businesses that were created to meet a need in local communities all over this country.

For example, one of our newest members is a man in his 40s, married with three young children, who recently lost his job in the shipping industry. Knowing that a domestic industry, using marine containers, was growing at an annual rate of 4-5%, he decided to chase his American dream. He invested his life's savings in a new company providing portable storage to retail companies, hotels, construction companies, and others using marine containers. His business today is just about a year old and he employs 5 people, 3 of which work in his yard fixing holes, welding and painting containers, so they can be leased or sold. This is a story that is not unique to many of our members. The proposed tariffs on marine containers take direct aim at these small businesses and at the blue-collar workers they employ in communities such as Lakewood, Ohio, Elwood City, Pennsylvania, and Elk Mound, Wisconsin.

NPSA members rely heavily on direct delivery of containers, which they then repurpose. Often, the only reason a container is directed to a particular location is because container owners know that it can be sold and repurposed there. Imposing duties on marine containers would make these sales significantly less likely, as costs for our member companies would greatly increase. When faced with higher costs, our member companies will have only two options: first, to cut costs elsewhere, or second, to pass the costs on to the consumer. The end result is that either blue-collar jobs will be lost or costs for the ordinary consumer will rise – or both.

Although these additional costs will be imposed on middle-class, small businesses, little, if anything, will be gained in return. While marine containers are imported and modified in the U.S., there has never been an industry that manufactures marine

containers in the United States, at least not during my 30-year career. Such an industry will not suddenly spring up out of nowhere if tariffs are imposed. For obvious cost reasons, marine containers must be made in locations where they can be used immediately, with profitable export loads nearby. The high price of domestic transportation in the U.S. would not permit a cost-effective way to put marine containers into international service. So, regardless of a tariff, containers will be made in China. Imposing tariffs will only hurt the small companies that buy used containers and repurpose them here in the United States.

Finally, marine containers are low-tech products. The administration's goal to lead in high-tech manufacturing is admirable and we support it; however, it has nothing to do with marine containers. To put it bluntly, marine containers are about as low-tech as it gets. Nor are marine containers a focus of the "Made in China 2025" program. In other words, imposing duties on marine containers would be completely unrelated to the objectives of this proceeding, and would have little, if any, effect on China's manufacturing of these products.

Imposing tariffs on marine containers would hurt the very people the Section 301 tariffs are intended to help – the metal fabricators and small business owners who ensure that marine containers are repurposed for storage, housing, and offices across the United States. Tariffs on these products would not achieve the goals of the Section 301 proceeding. As a result, we respectfully ask that marine containers classified under HTSUS 8609 be removed from USTR's Annex C list.