



**SEA BOX<sup>®</sup>, INC.**

*Shipping and Storage Containers – Custom Shelter Solutions and Modifications – Modular Housing*

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July 23, 2018

Office of the United States Trade Representative  
Executive Office of the President  
600 17th Street, NW  
Washington, DC 20508

Attention: Section 301 Committee – Amy C. Turner

Dear Ms. Turner:

Sea Box, Inc. has been assigned to Panel 10 and I will be testifying on July 25, 2018. I'd like to make a few changes to the testimony I provided to you on July 13, 2018. My prior testimony totaled 714 words, and this revision totals 780 words.

**The following is our final planned testimony:**

Ladies and Gentlemen of the Committee: Good day. I'm Robert Farber, Director of Contracts and Counsel for Sea Box, Inc. Thank you very much for permitting me to testify.

Sea Box, Inc. is a United States small business manufacturer and supplier of large, steel shipping containers, modified containers and shelters to the federal government, primarily to the Armed Forces under contracts with, and subcontracts for, the Department of Defense. We employ 240 highly-skilled men and women at our four New Jersey manufacturing facilities. Our products are used by U.S. Warfighters throughout the world, including the Afghanistan and Iraq war zones. We also provide our products to civilian agencies such as the General Services Administration and the Department of Veterans Affairs.

**Sea Box respectfully requests that the Committee delete HTSUS subheading 8609 from the final list of products subject to an additional 25 percent tariff.** This subheading applies to the containers we import from which we design, modify, manufacture and furnish end-products meeting the Government's myriad requirements and applications. As a small business government contractor, we and many other similarly-situated small businesses would be required to pay substantial additional sums for containers sourced from China.

But this isn't simply a matter of economics. ***It affects our nation's national security.***

Our imported containers are building blocks for the items we produce for the DoD. We modify containers to transport missiles and protect munitions, make mobile medical hospitals to heal the wounded and mobile machine shops to repair military assets in the field, and make hygiene facilities to support our troops in expeditionary operations. We're even under subcontract to provide modified containers used to *recover, transport and contain weapons-grade enriched plutonium, rendering it unavailable to terrorists for making weapons of mass destruction.*

What would happen for *new* contracts if the proposed 25% tariff applies? We would necessarily pass along these added costs to our primary customer, the United States Government itself. The tariff would be collected from us and deposited into the Treasury, after which another Government agency, the Navy, for example - would as part of its increased contract price pay us back the same 25% - with that money extracted right back out of the Treasury. Since at the end of the day that transaction truly benefits no one, may I suggest an obvious solution? Remove 8609 from the list - and we eliminate two intermediate, offsetting money transfers and the associated administrative burdens.

For *existing* contracts, small business government contractors would particularly suffer. Under fixed-price contracts, as most are for small businesses, we bear all cost risks - including this unforeseen 25% increase. Small businesses which already have multi-year, fixed-price government contracts would be unable to recover the additional tariff costs and could potentially lose hundreds of thousands of dollars on just a single contract. For example, if this tariff is implemented, we will lose \$2.2 million on one existing Defense contract. ***This could lead to a workforce reduction and the loss of many American jobs.***

U.S. Small business government contractors - and in fact, U.S. government contractors of any size - could lose more contract opportunities to foreign country manufacturers under "Trade Agreements Act" procurement provisions. Domestic contractors which either manufacture or "substantially transform" items which began as basic Chinese containers will find their necessarily increased bid prices less competitive against products coming from (for example) Turkey, Estonia or South Korea. This could potentially result in a foreign manufacturer winning the contract to the obvious detriment of a U.S. manufacturer. ***Fewer American contracts equal fewer American jobs.***

And more importantly, should this 25% tariff be imposed, the Government itself will be significantly and adversely affected: The contracts placed by our military and civilian agencies for the tens of thousands of these containers and modified containers will increase in price by at least the corresponding 25%. Government procuring agencies - and particularly military agencies - will still need to satisfy their requirements, but will be required to do so at significantly higher prices. Some military customers under strict budgetary constraints will simply be unable to buy the quantity of goods they planned for and need because of the unforeseen per-unit price increase. ***The Warfighter will suffer.***

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In summary, we believe that if an additional 25% tariff is imposed on containers under subheading 8609, small businesses will win fewer Government contracts and will lose significant sums under their existing Government contracts. That translates to fewer jobs and regrettable job losses. Government customers themselves will ultimately pay the increase on new contracts via higher prices, benefitting no one. Finally, national security will suffer. We urge that the Committee relieve these issues by removing subheading 8609 from the final list. Thank you very much for your kind consideration.

**[End of testimony.]**

Finally, I do not want to take advantage in any way of the privilege of speaking on Wednesday. If my testimony runs over by 60 to 90 seconds, will I be permitted to do that so that I may speak slowly and understandably for the Committee, or must my testimony end at precisely the five-minute mark?

If you have any questions or need additional information, I can be contacted at your convenience as follows:

- E-mail: [RobertF@seabox.com](mailto:RobertF@seabox.com)
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Thank you very much.

Respectfully,

A handwritten signature in black ink, appearing to read "Robert A. Farber", with a long horizontal flourish extending to the right.

Robert A. Farber  
Director of Contracts and Counsel