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4646 East Van Buren Street
Suite 400
Phoenix, AZ 85008
www.mobilemini.com

Testimony of Christopher Miner on behalf of Mobile Mini, Inc.

USTR-301-Investigation

Good afternoon Chairman and members of the Section 301 Committee. Thank you for the opportunity to testify today. My name is Christopher Miner and I am the Senior Vice President and General Counsel of Mobile Mini, Inc. I am here today to request the removal of containers classified under HTSUS subheading 8609 from the Annex C list. As the country's largest provider of portable storage solutions, Mobile Mini leases refurbished marine cargo containers, also known as shipping containers, to federal and state government agencies, retailers, construction contractors and other small businesses in need of extra storage space at their location. Businesses, government agencies and the military all choose steel shipping containers for their increased durability and security. With 97 percent of all steel shipping containers being manufactured in China, obtaining these containers from China is critical to the U.S. portable storage industry. The imposition of an additional 25 percent tariff on shipping containers would severely harm our industry, which in turn will harm numerous American small businesses.

Containers should be removed from the Annex C list for three reasons. First, imposing increased duties on containers will have no effect on eliminating China's unfair trade policies and practices. Second, there is no current or prospective shipping container manufacturing industry in the U.S. Third, U.S. small businesses and their employees will disproportionately suffer the economic harm from any container tariffs.

The Section 301 tariffs have been proposed, in part, to prevent unfair Chinese actions and practices regarding technology transfer, intellectual property, and innovation. However, neither shipping containers, nor their manufacturing processes, involve high risks of intellectual property infringement or theft of trade secrets. In fact, containers are built to an international standard so that they are identical and able to be transferred from ship to train to truck. With a basic design and low-tech manufacturing process, shipping containers do not impact U.S. leadership in high-tech manufacturing, and, thus, are unrelated to the administration's goals.

These containers are produced with the primary purpose of shipping goods to the rest of the world. Containers are merely a byproduct of Chinese goods manufacturing—they are not produced for the purpose of being sold into the United States. Once Chinese goods are transported to the U.S. via these shipping containers, the containers are typically offered for sale in a secondary usage as potential portable storage containers. With both large and small U.S. portable storage businesses purchasing used shipping containers at U.S. ports and then repairing, welding and modifying these used containers for domestic use, there is no comparable shipping container manufacturing industry in the United States. As a result, imposing additional tariffs on the import of these used shipping containers will not protect any U.S. manufacturing industry—which is a primary purpose of the Section 301 tariffs. Furthermore, because the primary purpose of shipping containers is to ship goods all over the world, the demand to manufacture containers solely for portable storage is too low for a serious manufacturing industry to suddenly emerge in the U.S.

The vast majority of the U.S. portable storage industry consists of small, blue-collar businesses with less than 20 employees. These employees typically include multiple truck drivers and welders. The proposed 25 percent tariffs on these businesses' only source of product will add a significant cost burden on, and potentially strangle the finances of, these small businesses. Imagine running a small business where suddenly your cost of goods go up 25 percent with no alternative avenue to get product. As the cost to acquire their primary product rises, portable storage companies will have to cut costs by scaling back operations and laying off employees, in addition to passing these higher costs on to their American customers-typically other small businesses, government agencies, and the U.S. military. This impact would reduce the overall competitiveness of the portable storage industry in the U.S. as small businesses struggle with the financial burden of higher costs. Putting American truck drivers and welders out of work in order to protect an American industry that doesn't exist does not make sense and runs counter to the goal of punishing China for their misdeeds.

At Mobile Mini, we employ more than 300 truck drivers and hundreds of welders and painters, among others, who repurpose these used containers. As our costs rise due to the proposed tariffs, it is these blue-collar workers, a key component of our company, who may bear the highest risk of layoffs as we are forced to purchase less product for them to refurbish and deliver. Additionally, the proposed tariffs could have farther-reaching economic impact as they cause price increases for the many U.S. businesses and government agencies who rely on portable storage providers to protect their goods.

Imposing tariffs on shipping containers will certainly not eliminate any of China's unfair acts, policies or practices or provide the intended protections for which Section 301 was designed. Tariffs on shipping containers instead would inhibit the growth of the portable storage industry in the United States by disproportionately harming small businesses and potentially eliminating a significant number of U.S. jobs.

For the foregoing reasons, Mobile Mini is against the proposed tariffs on marine cargo containers under Section 301, and respectfully requests that the Committee remove containers classified under HTSUS subheading 8609 from the Annex C list.

We appreciate the important work this Committee is performing and thank you for the opportunity to share our views.