Oral Statement

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Motor & Equipment Manufacturers Association
before the
Office of the United States Trade Representative
PANEL No. 10
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Good afternoon and thank you for the opportunity to testify today.

My name is Ann Wilson; I am the senior vice president of government affairs for the Motor & Equipment Manufacturers Association.

MEMA represents manufacturers of motor vehicle parts, components, and systems, supplying the automotive, heavy vehicle, and aftermarket industries. These suppliers are the largest sector of manufacturing jobs in the United States, directly employing over 871,000 Americans in all 50 states.

MEMA supports the administration's agenda to assure free and fair trade for America. Our industry has long supported aggressive policies to protect intellectual property rights and enforce IP laws here in the U.S. and around the globe – including in China. However, MEMA is concerned about the adverse impact on manufacturing jobs resulting from the proposed tariffs.

In MEMA's written comments, we ask for the removal of products included in, but not limited to, HTS Chapters 40, 73, 76, 83, 84, 85, 90, and 94. Products under these chapters are indeed used by suppliers either as part of the manufacturing production line or as materials and tools to produce vehicle parts. Since USTR did not propose to include vehicle parts under HTS subheading 8708, MEMA believes these vehicle products were unintentionally included. In fact, USTR should not include additional vehicle products in the scope of the tariffs in any final decision.

Vehicle suppliers operate in a global supply chain of domestic and international suppliers and customers. China is a large and important trading partner for our industry; many U.S. motor vehicle suppliers have manufacturing facilities in China to service Asia and the rest of the world. Domestic capacity is simply not available for some of the materials and parts from China relied on by suppliers. These parts are necessary to enable domestic vehicle suppliers to continue their U.S.-based operations.

The proposed tariffs on the listed products relied on by suppliers will cause disproportionate harm to U.S. interests by disrupting American manufacturing operations, and increasing costs, both to U.S. producers and consumers. The increased costs will place a significant harmful burden – particularly on small and medium businesses – including the possibility of forced bankruptcy and loss of income.

For example, a large, domestic Tier One OE supplier shared with me their concern about cast metal parts they import. These parts are not available in the U.S. because they are not manufactured here. If 25 percent tariffs were to be enforced on these parts, the supplier must either pass on the costs to the OEM or absorb the costs themselves. Passing on the costs is not possible because the OEM customer would seek other suppliers – potentially overseas. If this supplier swallows the costs, they may be forced to scrap planned U.S. investments, including workforce training or facility expansion. Either choice results in financial losses to the supplier, impacting their U.S. workers.

As another example, a heavy-duty truck supplier shared the impact of the 301 tariffs with us. Components they rely on for further manufacturing assemblies are subject to the proposed tariffs. These finished assemblies go into a variety of heavy-duty trucks. If this company is forced to pay tariffs on imported components, they would likely lose orders and, ultimately, lay off hundreds of their U.S. employees and possibly close their business.

In our last example, a domestic independent aftermarket supplier shared with me that a 25 percent tariff will cause severe economic harm to U.S. consumers. These consumers need the aftermarket parts to repair and maintain their vehicles. Due to increased repair costs, U.S. consumers may be forced to forgo repairs. Foregoing maintenance undermines the operating safety and efficiency of consumers' vehicles.

The common thread among these suppliers are the threats of increased cost, lack of capacity and overall uncertainty.

These examples are not isolated. Over the last month, MEMA's office has fielded countless calls and emails from members with operations throughout the U.S.

Please understand, the cost of these tariffs won't just impact companies, but ultimately U.S. consumers and our country. The price will be loss of current jobs, constrained access to materials and parts, and curtailed future U.S. investments by vehicle suppliers.

In closing, we urge you to not move forward with broad-based tariffs as outlined in MEMA's written submission to USTR. Additionally, MEMA recommends bilateral discussions between the U.S. and China before implementing any tariffs that will harm our industry, job creation, domestic investments, and the overall U.S. economy.

MEMA agrees with the administration that the U.S. must take strong action to protect our economy and our nation's workforce. However, the recently proposed tariffs will have the opposite effect and cause long-term damage to U.S. competitiveness.

Thank you for your attention, and I look forward to your questions.

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