



Oral Statement of
Ann Wilson
Motor & Equipment Manufacturers Association
before the
Office of the United States Trade Representative
on Panel No. 26
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Good morning and thank you for the opportunity to testify today.

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

MEMA represents manufacturers of motor vehicle parts, components, and systems, supplying original equipment and aftermarket products for use in passenger and commercial vehicles. Suppliers are the largest sector of manufacturing jobs in the United States, directly employing over 871,000 Americans in all 50 states.

MEMA has appeared before the USTR Sec. 301 Committee during hearings on the previous two tranches imposing 25 percent tariffs on \$50 billion in imported goods. The third tranche proposed by the USTR encompasses a considerably larger list of HTS codes. This proposed list directly impacts hundreds of finished vehicle parts and materials used to make vehicle parts. Most notably are finished vehicle parts under HTS 8708 as well as dozens of other finished vehicle parts that fall outside of HTS Chapter 87. Furthermore, the latest proposal also encompasses a wide range of critical raw materials – some of which have limited or no sourcing options outside of China – that are needed by U.S. parts manufacturers to make finished components.

While MEMA recognizes the significant challenges in China regarding intellectual property rights (IPR) and supports aggressive policies to protect IPR, we are very concerned about the impact this third tranche of tariffs will have on the American consumer. In many cases, the finished vehicle parts under consideration are sold to aftermarket distributors and retailers. The vehicle aftermarket provides finished components via a variety of channels either directly to consumers or to vehicle service technicians and repair facilities. These goods are used for the maintenance and repair of over 260 million cars, trucks, and buses on our nation's roadways. Consumers rely on these parts and subcomponents to keep their vehicles safely and properly maintained for on-road use. A 25 percent tariff on these parts will be passed downstream to consumers and service facilities. This harms the consumer who relies on affordable and convenient service options to maintain vehicles. A 25 percent tariff will serve as an additional tax on many Americans.

Additionally, many of these parts and materials in the USTR's proposed Annex are used to support downstream manufacturing for original equipment (OE) components and systems. These products are inputs for suppliers to manufacture goods for their vehicle manufacturer customers. OE suppliers facing



increased costs have two options – pass the price increases on to the vehicle manufacturer or absorb the price increase. Passing on the costs to the vehicle manufacturer is typically not possible because of contracts. In addition, the vehicle manufacturer may seek other suppliers outside the U.S. to provide the products. If the supplier absorbs the costs, then they may be forced to delay or cancel planned U.S. investments, such as workforce training, facility expansion or product innovation. Either choice results in financial losses to the supplier, impacting their U.S. workers and production, and will lead to additional costs to the American consumer.

A targeted approach on China’s policies will be less harmful than imposing blanket tariffs on a wide range of vehicle parts. MEMA encourages continued negotiations with China and will outline additional recommendations in our written submission. Our written comments will also provide a list of products that we urge be removed from the USTR’s final list. In addition, we will provide USTR a list of products where we support tariff implementation.

In closing, MEMA urges USTR to reconsider tariffs as they will have a significant negative impact on consumers and U.S. vehicle parts suppliers. This will impact employment and growth, in turn, weakening the U.S. economy. Alternatives, such as continued negotiations, should instead be considered.

Thank you for the opportunity to testify today. I look forward to your questions.

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