Hearing Before the United States Trade Representative on
Proposed modification of an additional \textit{ad valorem} duty of up to 25 percent on products of China with an annual trade value of approximately $300 billion

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Washington, DC 20436

Thank you for providing this opportunity for the American Association of Port Authorities (AAPA) to present testimony on behalf of our U.S. public port members who own and manage facilities that import and export most of our nation’s international cargo. AAPA is concerned about the overall impact of additional Chinese tariffs on port-related jobs, as well as specific concerns related to ship-to-shore cranes and cargo handling equipment used at ports.

Seaports are on the front line of the ongoing U.S. trade policy uncertainty. As international trade hubs, seaports are vital economic engines. Seaport cargo activity accounts for over one quarter of the U.S. economy, generates nearly $5.4 trillion in total annual economic activities and is responsible for $378.1 billion annually in federal, state and local tax revenues. In terms of jobs, the cargo moving through U.S. ports supports nearly 31 million American jobs. In addition, for every $1 billion in export goods shipped through U.S. ports, 15,000 jobs are created.

My comments today reiterate last year’s List 3 hearing testimony and emphasize the veritable tsunami of this latest list, List 4, which impacts nearly every product imported into the United States from China. The expanded 301 tariffs on cargo moving through ports will have significant consequences. The total Section 301 tariffs on Chinese commodities and China’s retaliatory responses to date would cover 8.4 percent of trade through America’s ports by value. In California alone, the impact could be as much as 20 percent of containerized cargo imported throughout the state, representing $63.6 billion in trade value. Job loss and economic harm can be expected in the maritime sector and throughout the U.S. supply chain that ports support.

In last year’s testimony, we also expressed concern over proposed tariffs on ship-to-shore cranes. We were pleased the U.S. Trade Representative decided to not include ship-to-shore cranes in the final List 3 after the hearing. However, we are deeply disappointed
ship-to-shore cranes and other tariff codes that include port equipment are back on the proposed List 4. Tariffs on port equipment will have a detrimental impact on ports and their ability to fund needed infrastructure investments, which will in turn impede U.S. ports’ competitiveness with Canada and Mexico. At a time when infrastructure investment is a national priority, we urge you to avoid increasing the cost of infrastructure through the imposition of new tariffs.

There is considerable pressure to make ports more efficient, enhance environmental performance and reduce the impact of port operations on local communities. U.S. ports are responding by planning investments, including modernizing their cargo-handling equipment. U.S. ports and their private-sector partners plan to make significant investments to improve port infrastructure by spending $155 billion between 2016 and 2020. As business leaders, however, they are concerned about making these sizable investments in an unstable trade environment.

These tariffs would have severe consequences for public port modernization programs. We urge you to once again delist port equipment, especially if made exclusively outside the United States. Ship-to-shore cranes (tariff code 8426.19.00) are of special concern due to their high cost; and no U.S. manufacturer exists. Many of the leading U.S. container ports have or plan to order these expensive pieces of cargo-handling equipment. With a cost of up to $14 million per crane, a 25 percent tariff would cost millions of dollars that might otherwise be spent on infrastructure improvements. It would also put American ports at a competitive disadvantage with Canada and Mexico. Ports in those countries can buy cranes to modernize at a significantly lower price if this tariff code remains on the final list.

Port equipment is also covered by 8426.12.00 (mobile lifting frames on tires and straddle carriers) and 8426.10.00 (transporter cranes, gantry cranes and bridge cranes). We urge you to delist these codes as well.

Thank you for the opportunity to testify. Tariffs are just one way to address concerns over intellectual property and unfair trade practices of China. AAPA has joined forces with other impacted associations and companies through Americans for Free Trade to highlight the detrimental impact of tariffs on U.S. manufacturers, farmers and businesses. We stand with this coalition and others such as Tariffs Hurt the Heartland to encourage the use of other strategies to address the trade issue, as opposed to tariffs that are directly paid by American businesses and consumers, fundamentally driving up costs of both imports and exports.