

**Hearing Before the United States Trade Representative on
Proposed Modification of Action Pursuant to Section 301:
China's Acts, Policies, and Practices Related to Technology
Transfer, Intellectual Property, and Innovation**

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Section 301 Hearing Panel 38

The International Trade Commission
500 E Street SW
Washington, DC 20436

Thank you for this opportunity to testify today. The American Association of Port Authorities, AAPA, is appearing 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 cranes and cargo handling equipment used at ports.

Seaports are at the frontlines of the current uncertainties surrounding U.S. trade policy. As international trade hubs, seaports are vital economic engines. Seaport cargo activity accounts for over one quarter of the U.S. economy, generates nearly \$4.6 trillion in total annual economic activities and is responsible for more than \$320 billion annually in federal, state and local tax revenues.

It is important to recognize that international trade, both exports and imports, is good for American workers and our national economy. In terms of jobs, the cargo moving through U.S. ports support more than 23 million American Jobs. Additionally, for every \$1 billion in export goods shipped through U.S. ports, 15,000 jobs are created.

With today's worldwide supply chain, American manufacturers, farmers and businesses often rely on ports to handle the raw materials, supplies, and semi-finished components needed for production here in the United States, and the expansion of the 301 tariffs would cause additional harm to these U.S. businesses both large and small. The U.S. Global Value Chain Coalition (USGVC), of which AAPA is a member, reports that one in five American jobs are linked to exports and imports of goods and services, and millions of those jobs are tied to the global value chain.

Prior to implementing these tariffs, we urge you to carefully consider the negative impacts they would have on port and other trade related American jobs nationwide, including the effects of likely retaliatory responses.

The impact of expanded 301 tariffs on cargo moving through ports would be significant. Including the additional \$200 billion proposed, 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 California Association of Port Authorities estimates the 301 tariffs and responses would impact as much as 20 percent of containerized cargo imported throughout the state, representing \$63.6 billion of trade value.

AAPA and its U.S. members are also greatly concerned about the impact of specific tariff increases on U.S. ports' ability to make needed investments in port infrastructure to meet the significant growth in trade volumes and enhance our international competitiveness, a stated priority of this Administration. There is considerable pressure to make ports more efficient, enhance environmental performance and reduce the impact of port operations on local communities. In response, U.S. ports and their private sector partners plan to invest significantly in improving 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. In addition, the proposed new tariffs would dramatically increase the costs of key aspects of port infrastructure investments. Container ports especially would be negatively impacted by the new tariffs placed on cranes under 8426.19.00 HTSUS. Several U.S. ports have Chinese cranes on order, with a cost of up to \$14 million per crane. The 25 percent in additional tariff would cost each of these ports millions of dollars and reduce U.S. ports' competitiveness with Canadian and Mexican ports vying for U.S. cargo. Currently, there is no U.S. manufacturer for these cranes and in the case of low-profile cranes that are required for ports near airports, the only experienced manufacturer is from China. Therefore, AAPA respectfully requests that cranes used in port operations be exempt from the tariffs. We also request that USTR in any future decision exempt port yard equipment that may fall under other codes under 8426 HTSUS, including 8426.30.00 and 8426.91 which are specifically referenced in this 301 expansion.

Thank you for your time today and listening to the negative impact these tariffs could have on port-related jobs, our competitiveness, and infrastructure improvements that are underway at ports. We sincerely hope that port cranes and equipment will be exempt from the expanded 301 tariffs and that you carefully consider the impact of these tariffs on U.S. jobs that are tied to the international supply chain.