

**BEFORE THE
U.S. INTERNATIONAL TRADE COMMISSION**

**INVESTIGATION NO. 332-591: ECONOMIC IMPACT OF SECTION 232 AND 301
TARIFFS ON U.S. INDUSTRIES**

**ORAL HEARING STATEMENT
OF
NORTH AMERICAN ASSOCIATION OF
FOOD EQUIPMENT MANUFACTURERS
("NAFEM")**

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(“NAFEM”)
U.S. International Trade Commission Hearing on Economic Impact of
Section 232 and 301 Tariffs on U.S. Industries
Investigation No. 332-591
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Mr. Chairman and members of the U.S. International Trade Commission, thank you for the opportunity to testify today. I am Charlie Souhrada, Vice President of Regulatory & Technical Affairs for the North American Association of Food Equipment Manufacturers or “NAFEM.” I’ve been in the industry for more than 30 years, and I participated in the initial Section 232 and 301 proceedings in 2018, when the Trump administration considered imposing both sets of tariffs. It has been a long four years for our member companies!

I am here today to convey the severe economic harm that the Section 232 and 301 tariffs are having on our members. In fact, right from the start, both sets of tariffs negatively affected U.S. foodservice equipment and supplies production, raising material costs for manufacturers, and making U.S.-manufactured products less competitive in a global marketplace.

When the Section 232 tariffs were imposed in 2018, NAFEM members began to struggle to secure adequate supply of specialty steel and aluminum raw material inputs at competitive prices. This lack of supply only grew worse at the onset of a

global pandemic, unprecedented supply chain disruptions, war in Ukraine and the worst inflation rate in four decades.

Next, because NAFEM members rely on critical parts and components that can only be sourced from China, the Section 301 tariffs raised the price of these critical inputs and made products manufactured here in the U.S. less competitive than finished goods imported from overseas.

In a recent survey, NAFEM members reported struggling to secure adequate inputs at competitive prices, thus impacting their abilities to control costs. More to the point, the survey results indicate that the Section 232 and 301 tariffs are causing severe economic harm to their companies. In other words, between the Section 232 and 301 tariffs, our members are taking a severe economic hit.

NAFEM is a trade association of more than 500 manufacturers providing products for the food-away-from-home market. Since 1948, NAFEM has represented North American companies that manufacture the highest quality foodservice equipment and supplies, such as stoves and ovens, refrigerators, freezers, and ice machines, heated cabinets and racks, tables, cookware, flatware, and beverage dispensers. If you've ever enjoyed a meal away from home, our members provided the tools that helped make that experience happen! These mostly small- and medium-sized American businesses, their workers, and the products they manufacture, support the foodservice industry, which includes more than one million locations in the U.S.

and countless more around the world.

In contrast, while NAFEM members have struggled over the past four years, the U.S. steel and aluminum industries have enjoyed and benefited from the Section 232 and 301 tariff protections. These protections are no longer necessary. For example, the top five U.S. steel firms more than doubled steel prices and their collective profits soared from \$11 billion in 2018 to \$31.9 billion in 2021.

Contrary to the soaring steel industry profits, NAFEM members struggle to survive every day. After the devastating effect of the global pandemic on the shrinking restaurant industry, NAFEM companies' performance and access to inputs were exacerbated by the tariffs that caused severe limitations in U.S. steel and aluminum supplies and requisite Chinese-made inputs, resulting in a lack of competitiveness and consumer choice, and increased costs from all directions.

Since most NAFEM members are small- and medium-sized businesses, and many are family-owned, they are instrumental in providing vital U.S. manufacturing jobs for thousands of American families, which fuel the success of the U.S. economy in small towns across America. We believe these tariffs are directly contrary to the Administration's promise of a "worker-centric" trade policy. Instead, we continue to advocate for trade policy that encourages smart, economically competitive sourcing from global suppliers, including those in China. This will allow manufacturers to control costs and protect and even expand U.S. jobs.

While we appreciate the original intent for the Section 232 and 301 tariffs was to protect certain national security interests and address China's unfair trade practices, respectively, the past four years has provided more than enough evidence to demonstrate this approach has done more harm than good. Instead, we strongly encourage the Biden Administration to revoke these tariffs and pursue trade policies that don't ultimately hurt and tax American businesses, U.S. manufacturers, their workers, and consumers.

On behalf of NAFEM members, thank you for this opportunity to provide information for the Commission's investigation regarding the severe economic impact of the Section 232 and 301 tariffs on our member companies. I look forward to answering any questions you may have.