



11310 Slater Avenue Fountain Valley, CA 92708 (800) 646-8604 [www.Pedego.com](http://www.Pedego.com)

### Testimony

Good Morning/ Good Afternoon. My name is Donald DiCostanzo and I am the CEO and Co-founder of Pedego Inc., also known as Pedego Electric Bikes, a California based company. We are proud to be the leading brand of electric bikes in America. I am here today on behalf of Pedego and its employees to urge the Administration to exclude tariff heading 8711.60.00, which covers electric bikes. Alternatively, we ask that the Administration specifically exempt Pedego's electric bikes classified in this heading from the proposed 25% duties. Pedego asks for this exclusion because there is a lack of availability in the United States. Imposition of additional 25% duties would cause severe economic harm to Pedego's U.S. operations and to the U.S. electric bike market. Moreover, keeping electric bikes in the list will not contribute to the Section 301 goal of eliminating China's unfair IP policies and practices.

First, with respect to the availability of the product at issue, Pedego's business is reliant on imports because no companies manufacture electric bicycles in the United States. Pedego does not have the option to effectively build all of its electric bikes in the United States because virtually all of the components used on bicycles are unavailable or in short supply in our country. While there are a couple of other countries that can build electric bicycles, they would still have to source the components from China and the capacity is limited in the other countries and whatever capacity is available, it be swallowed up by the advent of a tariff of 189% proposed in Europe.



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Second, imposition of additional 25% duties on electric bikes would cause substantial harm to Pedego's business. Today, Pedego has 85 branded stores throughout the United States. We have 55 employees who engage in product design and engineering, marketing and sales. We also conduct some final bike assembly in the U.S. An additional tariff would impede the growth of an emerging industry in our country and put Pedego in a competitive disadvantage. Industry statistics indicate that the market is growing by at least 50% per year. The only beneficiaries of the tariffs would be Pedego's non-U.S. based competitors. Their electric bicycles will not be subject to the Section 301 tariffs because their country of origin is not China. In fact, they can and will continue to source parts and components from China to use in their own bicycles with absolutely no impact from the Section 301 tariffs. The only ones who will pay the price are U.S. based companies like Pedego, its workers, and countless downstream companies and consumers who rely on our products. Tariffs on electric bicycles from China would be a classic case of the unintended consequence of being detrimental to us and other U.S. based companies to the advantage of foreign owned companies.

Third, including electric bikes will not contribute to the objectives of the Section 301 action. We design all of our bikes in California. The production of the bikes and their components in China does not involve any industrially significant technology, intellectual property, and innovation. Moreover, we are not aware of any specific reference to electric bikes in the Made in China 2025 Plans that the Section 301 action intends to address. Finally, the total value of electric bikes imported from China is considerably small, estimated at \$ 150 million in 2017, such that removing the product would have minimal impact on the Administration's \$16



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billion target. Last but not the least, electric bikes offer a green form of transportation and encourage a healthier lifestyle. They are increasingly catching on with U.S. consumers and getting more people off the roads and exercising, while lowering emissions. Our government should promote electric mobility and foster this industry, not restrict its growth. Therefore, excluding electric bikes from the list will not undermine the objectives of the Section 301 action.

For these reasons, Pedego requests that subheading 8711.60.00 be excluded from any Section 301 measures. Alternatively, Pedego requests that the electric bikes imported by Pedego be exempted from any Section 301 duties. Thank you for your time and I am available to answer any questions.

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