



Yakima Products, Inc.
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September 5, 2018

VIA ELECTRONIC FILING
[denotes confidential info]
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Section 301 Committee
Office of the United States Trade Representative
600 17th Street N.W.
Washington DC 20508

Comment Submission, Docket No. USTR–2018–0026: Notice of Determination and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

Dear 301 Committee:

Yakima Products, Inc., herein submits comments regarding the “Proposed Determination of Action Pursuant to Section 301: China’s Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation.”

I. Background of Yakima Products Inc.

Yakima Products, Inc. (“Yakima”) is a company located in Lake Oswego, Oregon that employs approximately 100 people involved in domestic design and engineering, quality control, sales, supply chain and finance teams. Additionally, we employ seasonally adjusted domestic employees (30-60) in our manufacturing and warehouse facility in Riverside, California as well as 10-15 employees in Memphis, Tennessee. Yakima has been making cargo and gear racks for vehicles for 40 years. We are stewards for the environment, partner with such groups as the National Park Foundation, Outdoor Afro, Toyota, POW (Protect Our Winters), the Conservation Alliance, Camber Outdoors, Outdoor Retailers, People for Bicycles and many others.

Yakima’s products can be found in local stores, such as REI, Any Mountain, cycling shops; online suppliers, such as Rack N Road, Backcountry, Rack Outfitters, Moosejaw, e-trailer, REI online, the Rack Warehouse, and Rack Solid; and internationally at Yakima China/Kemflo Int’l, Yakima Australia, Yakima Europe. Yakima distributors can be found in Argentina, Bolivia, Canada, Chile, Columbia, Costa Rica, Ecuador, Japan, Mexico, Panama, Chile, Puerto Rico, Uruguay and Venezuela.

Section II of these comments identifies the HTS numbers for Section 301 duties that will potentially affect Yakima.

Should the proposed 301 tariffs be implemented, the additional duty would be directly passed onto the consumer as there is no time to plan and execute alternate solutions. There would be no future investments in the next five plus years as Yakima would be seeking to survive the financial devastation of the tariffs. Additionally, we expect the tariffs to have a chilling effect upon our sales revenue and profit margins, which would require us to adjust our workforce accordingly. In summary, the proposed additional duties will negatively impact our sales, reduce corporate spending and investment in projects, and ultimately affect the number of employees we have, without any corresponding adverse consequence to China's industrial base.

II. Section 301 List 3 Impact of HTS Classifications

The proposed section 301 tariffs on list 3 items include all or almost all of the HTS provisions in connection with the manufacture of:

HTS Subheading	General description
3926.90.45	Gaskets, washers and other seals, of plastics
4013.90.50	Inner tubes of rubber for vehicles nesoi
4202.92.45	Travel, sports and similar bags with outer surface of plastic sheeting
4810.14.50	Printed/embossed/perforated paper & paperboard, coated w/inorganic, n/o 10% fiber obtained mechanical/chemi- process, other sized sheets
4819.10.00	Cartons, boxes and cases of corrugated paper or paperboard
4820.30.00	Exercise books of paper or paperboard
5608.90.10	Knotted netting of twine, cordage or rope (excluding fish netting or made-up fishing nets) of man-made textile materials
5911.10.20	Textile fabrics, felt and felt-lined woven fabrics, combined with layer(s) of rubber, leather or other material, for technical uses, nesoi
5911.90.00	Textile products and articles, of a kind used in machinery or plants for technical uses, specified in note 7 to chapter 59, nesoi
7318.15.20	Iron or steel, bolts and bolts & their nuts or washers, imported in the same shipment
7318.15.40	Iron or steel, machine screws (o/than cap screws), 9.5 mm or more in length and 3.2 mm in diameter
7318.15.80	Iron or steel, screws and bolts, nesoi, having shanks or threads 6 mm or more in diameter
7318.24.00	Iron or steel, cotters and cotter pins
8302.30.30	Iron or steel, aluminum or zinc mountings, fittings and similar articles nesoi, suitable for motor vehicles, and base metal parts thereof
8302.30.60	Base metal (o/than iron/steel/aluminum/zinc) mountings, fittings & similar articles, suitable for motor vehicles, & base metal pts thereof



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HTS Subheading	General description
8302.60.90	Base metal parts of automatic door closers
8308.90.90	Base metal clasps, frames with clasps not incorporating a lock, and like articles, and base metal parts thereof
8512.20.20	Electrical lighting equipment of a kind used for motor vehicles or cycles other than bicycles
8708.29.50	Pts. & access. of bodies for mtr. vehicles of headings 8701 to 8705, nesoi
8708.80.16	Pts. & access. of mtr. vehic. of 8701, nesoi, and of 8702-8705, suspension shock absorbers (o/than McPherson struts)
8708.99.81	Pts. & access., nesoi, of motor vehicles of 8701, nesoi, and 8702-8705
8716.39.00	Trailers and semi-trailers, not mech. propelled, nesoi, for the transport of goods
8716.90.50	Parts of trailers and semi-trailers and vehicles, not mechanically propelled, nesoi
9403.20.00	Furniture (o/than seats) of metal nesoi, o/than of a kind used in offices
9403.90.80	Parts of furniture (o/than seats or o/than of 9402) nesoi

III. Impact of the Proposed Sanction 301 Tariffs

You have requested that commenters address specifically whether imposing increased duties on a particular product would be practicable or effective to obtain the elimination of China's acts, policies, and practices, and whether maintaining or imposing additional duties on a particular product would cause disproportionate economic harm to U.S. interests, including small- or medium-size businesses and consumers.

There are no alternative sources in other countries for Yakima to obtain its product from.

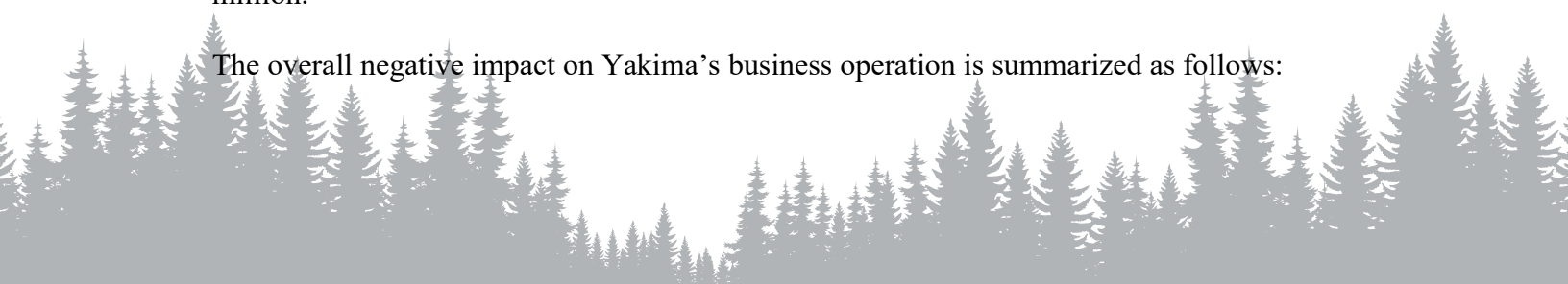
The total value of Yakima's recent imports and the financial impact of the proposed additional duties is as follows:

In 2017, Yakima imported a total value of \$[] million of finished goods.

For the period of January 1, 2018 through August 31, 2018 Yakima imported a total value of \$[] million finished goods. The proposed 25% tariff would amount to additional \$[] million in duties.

The anticipated imports for 2018 is \$[] million with a total additional 25% duty of \$[] million.

The overall negative impact on Yakima's business operation is summarized as follows:

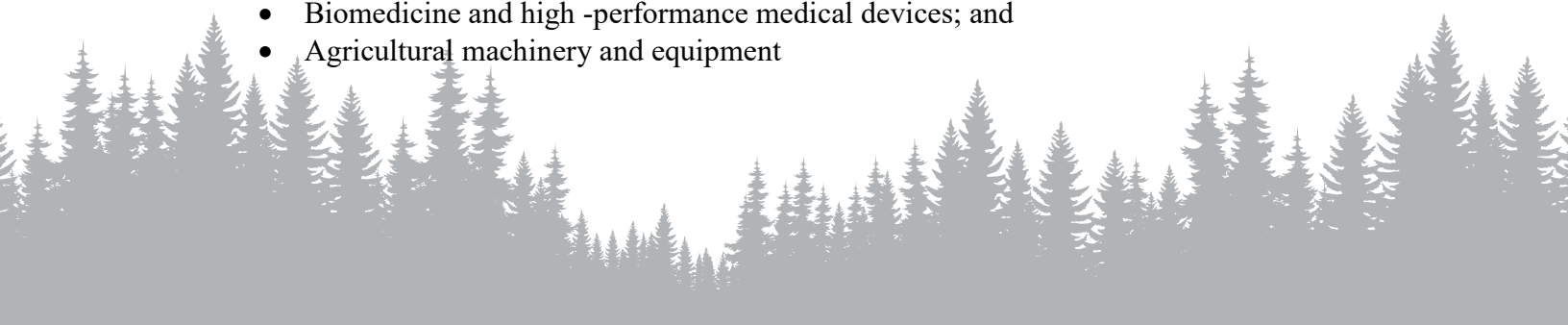


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1. Yakima would be affected by the proposed duty rate changes to several of the targeted Harmonized Tariff Schedule (HTS) codes. The potential implementation of a 10% or 25% duty would greatly affect the financial health of the company.
2. Yakima has made a thorough analysis of the proposed additional tariffs, which would amount to approximately \$[] million dollars in additional duties.
3. The additional duty would be passed onto the U.S. consumer, significantly increasing inflation for Q4 2018 and 2019.
4. There would be no future investment as Yakima would seek to survive the devastating financial effect of the additional duties.
5. There is no sourcing of the materials and goods outside of China.
6. Our mission is to enable getting people active and outdoors. These additional taxes will price our product out of reach for the majority of the population and will have a negative impact on people's health and wellness.
7. There is no domestic supply chain nor is there expected to be one, as this is not the type of manufacturing the U.S. desires. Also, we use components manufactured in China for our domestic manufacturing of cargo boxes. The additional cost of the components will have a dampening effect on unit sales and will reduce the amount of domestic manufacturing.
8. This broad-brush approach to tariffs without the proper time to plan and execute alternative solutions will create a massive medium to longer term impact to our industry.

The Chinese MIC 2025 Priority List

Finally, we note that the products Yakima imports from China do not fall within the specific priority sectors that the China State Counsel has officially released as MIC 2025. Those ten priority sectors are:

- Next generation information technology;
 - High-end numerical control machinery and robotics;
 - Aerospace and aviation equipment;
 - Maritime engineering equipment and high -tech maritime vessel manufacturing;
 - Advanced rail equipment;
 - Energy-saving and new energy vehicles;
 - Electrical equipment;
 - New materials;
 - Biomedicine and high -performance medical devices; and
 - Agricultural machinery and equipment
- 



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China's production of many items on Yakima's HTS classification list (gaskets, washers, inner tubes of rubber, travel and sports bags of plastic sheeting, cartons and boxes, twine, fabrics, etc.) do not fit with any of the goals of the MIC 2015, or any other industrial goals of the Chinese government.

Relief Request:

Yakima requests that the above listed HTS classification subject to the proposed 301 tariffs be removed from section 301 tariff applicability. Instituting the high level of additional tariffs to a small/medium business will only cause a sustained negative impact to a U.S. industry. We believe many items on List 3 were added without sufficient knowledge of the effect not only to Yakima, but to its customers and the U.S. consumer as well.

Thank you very much for your consideration of this submission.

Sincerely,

A handwritten signature in black ink that reads "Ryan Martin". The signature is fluid and cursive, with the first and last names clearly legible.

Ryan Martin

CEO

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