



PUBLIC DOCUMENT

September 30, 2019

The Honorable Robert E. Lighthizer
United States Trade Representative
Office of the United States Trade Representative
600 17th St. NW
Washington, D.C. 20508

Re: Procedures for Requests to Exclude Particular Products from the September 2018 Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation
Docket ID: USTR_FRDOC_0001-0519

HTSUS 8712.00.1550, Children's bicycles having both wheels exceeding 55 cm but not exceeding 63.5 cm in diameter

Exclusion Request

Dear Ambassador Lighthizer,

On behalf of Trek Bicycle Corporation (Trek), I respectfully submit this exclusion request in the above-referenced matter. These comments are submitted in response to the notice published on June 24, 2019, which requires that comments be submitted no later than September 30, 2019. Accordingly, these comments are timely.

Trek Bicycle Corporation was born in a barn over 40 years ago in Waterloo, Wisconsin, and has grown from its two founders into a global company with more than 3,000 employees worldwide. Today, Trek manufactures its bicycles in Asia, Europe and the United States. We have also expanded our production beyond the bicycle to include almost every product used on the bicycle or on a bicycle rider. We continue to assemble customized high-end bicycles, framesets and wheels domestically in our factory in Waterloo, Wisconsin. However, as is the case with other bicycle companies, Trek utilizes a well-established global supply chain that has required years of investment and development to meet safety, quality and cost requirements.

Trek reviewed with interest the affirmative decision granted to F&F Imports LLC DBA State Bicycle Co, USTR Exclusion Request ID USTR-2019-0005-0549. The petitioner stated:

“These bicycles are made with over 65 different components. Currently there are only manufacturers in the U.S. for 10 or fewer of these components, making it impossible to



source from the US... We have attempted to source these from Taiwan but we see that many of the components being used are from China anyway and the extra cost of the Taiwan labor and Taiwan components being used is in excess of 40% of the cost we were previously paying.”

Trek finds the same to be true with respect to its own bicycle sourcing. Trek is working to shift its source of bicycle production to third countries, but the process takes time. Moreover, many bicycle manufacturers have or are in the process of moving bicycle, bicycle parts and bicycle component production from China to third countries which affects available capacity. And if Trek were to shift production to the US without regard to the additional Section 301 tariffs levied on Chinese-origin frames, parts and components, it would be forced to increase prices to cover the cost of duties.

In conclusion, Trek respectfully requests the USTR excludes frames imported under 8712.00.1550 from the additional 25 percent duties imposed as a result of this Section 301 investigation.

As instructed in USTR’s Notice, we certify that the information provided is complete and correct to the best of our knowledge.

Sincerely,

Jennifer Naeger
Vice President