

June 7, 2018

President Donald J. Trump
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Trump:

On behalf of the National Marine Manufacturers Association (NMMA), the leading recreational marine trade association in North America, we would like to raise significant concerns regarding your administration's recent trade actions. The U.S. marine industry is facing a triple threat from 232 action on steel and aluminum, anti-dumping and countervailing duties on Chinese aluminum sheet, and 301 tariffs on nearly 300 marine related products. As a result of these decisions, U.S. marine manufacturers are confronted with rising costs of raw materials, component parts, and retaliation from our top trading partners.

Recreational boating is a significant contributor to the U.S. economy and important pastime for millions of Americans. Boating contributes \$39 billion in annual sales, supporting 35,000 marine businesses. Over 142 million Americans take to the water annually, in approximately 12 million registered vessels. Recreational boating is a uniquely American-made product with 95 percent of boats sold in the U.S., made in the U.S.

Section 232

The decision to impose tariffs under Section 232 of the Trade Expansion Act of 1962 severely harms the thriving American manufacturing sector, particularly marine products. The marine manufacturing industry relies on free trade, which has been a hallmark of the American economy for decades. Aluminum is a critical raw material for boat manufacturing. Aluminum sheet is used in the marine industry to manufacture pontoon boats, aluminum fishing boats, fuel tanks, boat lifts, boat trailers, and a myriad of component parts. In 2017, 117,000 boats sold were primarily aluminum-based (e.g., pontoon and fishing), comprising 44 percent of overall sales. Approximately 22,000 American jobs are tied to the aluminum sector of the marine industry. These products are manufactured throughout the U.S., with heavy concentration in states such as Arkansas, Florida, Indiana, Michigan, Minnesota, Missouri, and Washington

Since your announcement, marine manufacturers have already seen substantial price increases for the worldwide cost of aluminum. While nearly all marine manufacturers source their aluminum domestically, your actions on 232 have disrupted costs across the globe, resulting in higher prices.

Additionally, retaliation from those countries who have not been exempt, is of grave concern for our industry. The European Union and Canada have already released retaliatory lists targeting all recreational boats. Canada and the EU are the top two export markets, respectively, for our industry. These punitive, retaliatory tariffs will force U.S products to be more expensive and less globally competitive, hurting U.S. jobs and businesses. Without a solution that immediately withdraws these tariffs or exempts key allies, our industry – and the entire U.S. economy – will suffer. Canadian and European dealers have already begun canceling orders with US boat manufacturers that were to be delivered after July 1. NMMA strongly urges your administration to come to a constructive agreement with the EU and Canada so that boats will not face retaliation.

AD/CVD:

The cost of aluminum is also being impacted by a current antidumping and countervailing duty investigation on Chinese aluminum sheet. Countervailing duties ranging from 33-115% percent are driving worldwide costs up and making it more difficult for aluminum boat builders to stay competitive. The compounding effect of 232 and a proposed 59% anti-dumping duty on aluminum sheet is stifling the growth and economic viability of our manufacturing sector. We urge your administration to exercise restraint and fairness as this investigation continues and consider the downstream impacts of U.S. aluminum users.

301 investigation:

We are pleased to hear progress between the U.S. and China regarding intellectual property infringement and data transfer. NMMA remains concerned that should 301 tariffs be imposed on a far sweeping set of products the cost of doing business and end price to the consumer will be significantly inflated. Nearly 300 marine related products were contained on the initial list ranging from engines to propellers to marine navigation and component parts. Our manufacturers have global supply chains to ensure quality and cost efficiencies. While we appreciate your action to target unfair trade practices by the Chinese, we believe a negotiated agreement will far better achieve results without unnecessarily increasing supply costs and plunging the U.S. into a trade war with China.

As history has shown, tariffs threaten to increase the cost of manufacturing in the U.S., which will in turn result in less domestic production, higher prices for American consumers, and fewer jobs for American workers.

It is imperative your administration consider the negative downstream impact these compounding tariffs will have on the marine manufacturing industry, especially the consequences such action would have on consumers. Demand for our products is highly elastic and sensitive to even small changes in the sales price of boats. Increased tariffs for raw materials will increase the overall product cost and place additional burdens on the end user's purchasing power. American businesses should not be subjected to steep tariffs for conducting international commerce, which support job creation and economic growth here in America.

On behalf our 1,300 members, we urge you to carefully consider the negative impact of tariffs on domestic manufacturers and move to quickly resolve the situation. NMMA appreciates the opportunity to provide comments on the harm of tariffs on our industry, and we would welcome the opportunity to have our company executives meet with you and your staff to discuss these important issues. Should you have any further questions, please do not hesitate to contact me or Nicole Vasilaros, Senior Vice President of Government Affairs at nvasilaros@nmma.org or 202-737-9763.

Sincerely,



Thomas J. Dammrich
President
National Marine Manufacturers Association

Cc: The Honorable Wilbur Ross, U.S. Secretary of Commerce
The Honorable Mitch McConnell, U.S. Senate
The Honorable Charles Schumer, U.S. Senate
The Honorable Paul Ryan, U.S. House of Representatives
The Honorable Nancy Pelosi, U.S. House of Representatives