



May 21, 2018

William Busis
Chairman
Section 301 Committee
Office of the U.S. Trade Representative
Washington, DC

Re: Docket USTR-2018-0005, Response to Questions at May 15, 2018 Hearing

Dear Chairman Busis,

Thank you for allowing Coalition for American Electronics Recycling (CAER) representative Patrick Hayden to present our testimony before the Section 301 Committee hearing on Docket USTR-2018-0005, "Notice of Determination and Request for Public Comment Concerning Proposed Determination of Action Pursuant to Section 301." I was unable to attend due to a flight cancellation and CAER appreciates the Committee allowing Mr. Hayden to present testimony in my stead.

During the hearing, Committee Member Maureen Grewe of the Department of Treasury asked Mr. Hayden two questions that we would like to answer before the record on the hearing is closed.

1) How will the current proposed \$50 billion in tariffs would impact CAER members – if the tariffs would be helpful to the American e-waste industry at all?

The proposed tariffs would likely have some negative impact on the American e-waste industry, at least directly. From the supply side of our business, companies will continue to purchase IT gear for their employees. From the recycle side, it could have an impact as has already been demonstrated by China's shutting down the import of plastics. The effect rippled across the industry. China also consumes vast quantities of other "raw" materials as well and if there is a reduction, or elimination, of their import, it could negatively affect CAER members, at least until the markets adjusted and other marketplaces developed.

2) What would shutting down the trade of e-waste to China do to American manufacturer's supply chains? What would be the cost and where would replacement components come from?

If American e-waste was no longer shipped overseas, and the U.S. either invested more in domestic e-waste recycling, any negative impact would be entirely short term, with a long-term benefit being that U.S. IP was no longer at risk. Overall, the market would adjust and stabilize relatively quickly and the cost to both American manufactures and consumers would be minimal, especially considering the benefits. If a ban went into effect there would likely be short-term increase in the cost of certain components for American manufacturers as gaps would be filled by component manufacturers who would produce more reliable and safe parts. There is a ready supply of legitimate components and any

loss of China selling phony components would be easily compensated for by legitimate industry supply. Additionally, the American economy would benefit from greater investment in the domestic e-waste industry.

Thank you again for hearing our testimony and considering our responses to the questions asked May 15. We look forward to continuing to assist USTR wherever we can.

Regards,

Tom Sharpe
Vice President
SMT Corporation