

## **Statement for the Record from the National Electrical Manufacturers Association House Ways and Means Committee Hearing on the Biden Administration's 2022 Trade Policy Agenda**

The National Electrical Manufacturers Association (NEMA) represents more than 325 electrical equipment and medical-imaging manufacturers that make safe, reliable, and efficient products and systems. Member companies support more than 370,000 American manufacturing jobs in 6,100 locations across all 50 states. NEMA companies play a key role in transportation systems, building systems, lighting, utilities, and medical-imaging technologies and will thereby serve a critical role in the implementation of the recently enacted Infrastructure Investment and Jobs Act (IIJA). These industries produce \$130 billion in shipments and \$38 billion in exports of electrical equipment and medical imaging technologies per year.

President Biden's 2022 Trade Policy Agenda outlines key accomplishments of the Administration in its first year in office, including important information about how the Administration is advancing a worker-centered trade policy that ensures the benefits of trade reach everyone. The electroindustry has a robust domestic manufacturing base and shares with the Administration the fundamental goal of creating well-paying American jobs and shoring up our domestic supply chains.

NEMA supports a comprehensive approach to international trade policy that results in fair and open global markets. NEMA believes in global free enterprise based on solid legal infrastructure and due process to define and protect property rights as well as negotiate and ensure adherence to international trade agreements. NEMA strives to eliminate barriers to international trade such as tariffs, quotas, and technical regulations that unfairly limit market access. NEMA works with governments and international organizations to strengthen property rights protections and enforcement. With those objectives in mind, NEMA submits a statement for the record to highlight three key areas of focus for the organization as the Committee considers the Biden Administration's 2022 Trade Policy Agenda.

### **U.S. leadership in International Standards Setting Organizations**

As USTR continues its work to engage with key trading partners and multilateral institutions, NEMA urges the Administration to address growing concerns about declining U.S. involvement and influence in multilateral standards setting organizations. Participation in development processes and technical standards setting bodies are crucial to preserving and expanding international market access for U.S. companies. Although the United States has historically been a leader in these fora, China has increased its membership and leadership participation in recent years.<sup>1</sup> Further, as Congress continues to deliberate on a path forward for pending competitiveness legislation it has the opportunity to provide incentives to support U.S. participation in international standards organizations. The House COMPETES Act codifies the National Institute of Standards and Technology's role as a convenor and federal coordinator in international standard setting and includes a pilot program for grants to small businesses, nonprofits, and universities to participate in international standards setting. Congress and the Administration should consider providing additional support to all U.S. businesses, as well as relevant trade associations to support U.S. involvement and capacity building given the key roles these organizations play in establishing international manufacturing standards.

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<sup>1</sup> <https://www.lawfareblog.com/what-us-competition-and-innovation-act-gets-right-about-standards>

### **Access to materials needed to secure the electric grid and support electrical infrastructure**

NEMA believes any effort to bolster national security must not disrupt the very supply chain that ensures our ability to produce reliable, resilient, and affordable energy, including electrical transformers in the U.S. for the grid, as well as for industrial, commercial, and residential buildings. The supply chain for transformer cores and laminations is facing unprecedented challenges to meet demand. Over the past six months, NEMA has been contacted by the respective trade associations that represent both public and private utilities with concerns about growing lead-times (in some cases extending well beyond 12 months) for orders for new electrical transformers. The implementation of the IIJA will only add to this demand. These supply chain challenges in and of themselves pose an immediate threat to energy security particularly in the face of severe weather events that often necessitate the immediate replacement of hundreds of transformers. As the Administration receives requests to impose policies that would reduce U.S. imports of downstream GOES products from Canada and Mexico, we urge the Administration to consider the current state of the supply chain and high demand for this material and potential detrimental impacts on U.S. citizens, our domestic base, and the nation's infrastructure goals.

### **Section 301 Tariff Relief**

NEMA member companies continue to experience supply chain disruptions, labor shortages, and resulting inflationary pressures which have resulted in disrupted domestic production, reduced sales, increased consumer costs, and delayed delivery of critical products. If these concerns are not addressed, they will have a negative impact on implementation of the IIJA. These supply chain issues require both near-term and long-term solutions and Congress and the Administration can help with both.

In the immediate term, the Biden Administration should use the looming expiration of List 1 of the Trump Administration's Section 301 tariffs on Chinese imports as an opportunity to conduct a robust, thorough, and transparent review of the effectiveness of the full list of tariffs put in place in achieving their objectives and their impact on U.S. importers and consumers of electrical goods. And while USTR announced its decision to reinstate certain previously granted and extended product exclusions pursuant to the China Section 301 investigation last week, NEMA urges the Administration to fully restart and reform the Section 301 tariff exclusions process in a way that has clear eligibility standards for applicants, is transparent, and fair to all who apply.