



**AMERICAN  
PUBLIC  
TRANSPORTATION  
ASSOCIATION**

May 11, 2018

The Honorable Robert Lighthizer  
Office of the United States Trade Representative  
600 17<sup>th</sup> Street, NW  
Washington, DC 20006

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Paul P. Skoutelas

**RE: USTR– 2018–0005**

Dear Mr. Lighthizer:

On behalf of the American Public Transportation Association (APTA), I write to provide comments on the United States Trade Representative (USTR) Notice of Determination and Request for Public Comment, published on April 6, 2018 at 83 FR 14906.

**About APTA**

APTA is a non-profit international trade association of nearly 1,500 public and private member organizations, including public transit systems; high-speed intercity passenger rail agencies; rolling stock and equipment manufacturers; planning, design, construction and finance firms; product and service providers; academic institutions; and state associations and departments of transportation.

**General Comments**

APTA has surveyed its member organizations seeking comments in response to the Notice of Determination and Request for Public Comment (“the notice”). Since APTA has a diverse international membership, there is no consensus position amongst our membership regarding the notice. Some members commented that the notice did not contain sufficient information to determine the impact of imposing duties on Chinese-sourced products. Other members support the imposition of tariffs because of the large trade imbalance between the United States and China. Further, transit vehicle manufacturers generally support increased tariffs on Chinese steel and other products of Chinese origin and applaud the Administration’s effort to balance the Chinese trade deficit. These members note they have to comply with Buy America requirements and would like to see Chinese imports properly valued and accounted for consistent with the intent of the Buy America rules.

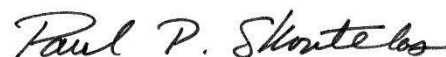
Other members, including one transit vehicle manufacturer, oppose the imposition of duties on products of Chinese origin and point out that such tariffs could negatively affect transit projects nationwide by increasing the costs to procure transit vehicles. Specifically, one member noted similar circumstances in 2004 and 2008 when steel prices spiked, which increased costs for transit projects large and small. Public contracts with price adjustment clauses increased automatically. Public contracts with equitable adjustment clauses saw price increases based on changed circumstances. Even contracts without such provisions were adjusted based on equitable grounds. And, federally-assisted contracts without price adjustment clauses saw increases. Transit agencies generally believe an increase in tariffs on Chinese products will increase the costs of their transit projects.

One transit vehicle manufacturer against the tariffs commented that while it meets US content for its U.S.-made buses, the proposed tariffs would apply to some components, raising their cost by 25 percent, which would make their production of buses unprofitable and would threaten the viability of their bus manufacturing operations. In addition, this manufacturer noted while the intellectual property (IP) protection is critical for fostering innovation, their business model implicates none of the IP practices that the USTR notice targets. The proposed tariffs on the items critical for their U.S. manufacturing operation would penalize U.S. workers, consumers, and taxpayers having none of the remedial impacts intended by the tariffs. This transit vehicle manufacturer also listed the 8-digit HTSUS item numbers for products it believes should be removed from the Annex to the notice. The list is attached to these comments.

Finally, one member also raised a concern related to Buy America compliance. This member found the inclusion of rail vehicles and parts in the Annex problematic. For example, transit vehicle manufacturers must calculate Buy America compliance based on cost. These railcar manufacturers must meet 65 percent or 70 percent US content. For those manufacturers with existing contracts, the additional duties could make it harder for them to meet that content. Also, if additional duties are imposed, then the manufacturer's certification of Buy America compliance could be in jeopardy because the initial certification was based on lower costs. Essentially, increased duties could lead to contractual uncertainties for both vendors and transit agencies.

We appreciate the opportunity to comment and look forward to working with you going forward to provide feedback regarding the impact on the transit industry. We hope USTR will continue to share information and provide opportunities like to this for public comment. If you have questions or would like to discuss our comments further, please contact Linda Ford, APTA's General Counsel, at (202) 496-4808 or [lford@apta.com](mailto:lford@apta.com).

Sincerely yours,



Paul P. Skoutelas  
President and CEO

**Priority tariffs for removal**

	Tariff	Title
1	8702903100	Motor vehicles nesoi, to transport 16 or more persons, incl driver
2	8709110030	Electrical, self-propelled, works trucks, not fitted w/lift. equip. and tractors of type used on railway station platforms
3	8704221020	Mtr. vehicles for transport of goods, cab chassis, w/compress.-ign. int. combust. recip. piston engine, w/G.V.W. o/5 but n/o 20 metric tons
4	8709190030	Non-electrical, self-propelled, works trucks, not fitted w/lift. equip. and tractors of type used on railway station platforms
5	8427108010	Self-propelled works trucks powered by an electric motor, fitted with lifting and handling equipment, nesi
6	8544300000	Insulated ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ships
7	8702403100	Motor vehicles w/electric motor, to transport 16 or more persons, incl driver
8	8507908000	Parts of storage batteries, including separators therefor, other than parts of lead-acid storage batteries
9	8703800000	Motor vehicles to transport persons, w/electric motor for propulsion
10	8704101000	Mtr. vehicles for transport of goods, cab chassis for dumpers designed for off-highway use
11	8603100000	Self-propelled railway or tramway coaches, vans and trucks (o/than those of 8604), powered from an external source of electricity
12	8703901000	Motor vehicles to transport persons, nesoi
13	9032896050	Automatic regulating or controlling instruments and apparatus, nesi
14	8428900290	Machinery for lifting, handling, loading or unloading, nesi
15	8536509033	Switches nesoi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V
16	8501538060	AC motors nesoi, multi-phase, of an output exceeding 150 kW
17	8483409000	Gears and gearing, other than toothed wheels, chain sprockets and other transmission elements entered separately
18	8431200000	Parts suitable for use solely or principally with the machinery of heading 8427
19	9032892000	Automatic voltage and voltage-current regulators, designed for use in a 6, 12, or 24 V system
20	8427104000	Self-propelled works trucks powered by an electric motor, rider type forklift trucks
21	8501324500	DC motors nesoi, of an output exceeding 14.92 kW but not exceeding 75 kW, used as primary source of mechanical power for electric vehicles
22	8536100040	Fuses, for a voltage not exceeding 1,000 V
23	9031808070	Measuring and checking instruments, appliances and machines, nesoi
24	8506500000	Lithium primary cells and primary batteries
25	8413600090	Rotary positive displacement pumps for liquids, not fitted with a measuring device, nesi
26	8415908045	Parts for air conditioning machines, nesi
27	8428390000	Continuous-action elevators and conveyors, for goods or materials, nesi
28	8536490080	Relays for switching, protecting or making connections to or in electrical circuits, for a voltage exceeding 60 but not exceeding 1,000 V
29	8538908180	Other parts nesoi, suitable for use solely or principally with the apparatus of heading 8535, 8536 or 8537
30	7318160085	Iron or steel, nuts
31	8515800080	Electric welding apparatus nesoi, and electric machines and apparatus for hot spraying metals or sintered metal carbides
32	8302103000	Iron or steel, aluminum, or zinc hinges and base metal parts thereof, designed for motor vehicles
33	9026204000	Electrical instruments and apparatus for measuring or checking the pressure of liquids or gases
34	8536304000	Electrical motor overload protectors, for a voltage not exceeding 1,000 V, nesi
35	8414904175	Parts of air or gas compressors, nesoi
36	8536908530	Other electrical apparatus nesoi, for switching or making connections to or in electrical circuits, for a voltage not exceeding 1,000 V, nesoi
37	8421290065	Filtering or purifying machinery and apparatus for liquids, nesi
38	8504909690	Parts (other than printed circuit assemblies) of electrical transformers, static converters and inductors
39	8431499084	Parts suitable for use solely or principally with the machinery of heading 8429 or 8430, nesi
40	8537106000	Boards, panels, etc., equipped with apparatus for electric control, for a voltage not exceeding 1,000, motor control centers
41	8465990250	Machine tools for working wood, cork, bone, hard rubber, hard plastics and similar hard materials, nesoi
42	8483908080	Parts of transmission equipment, nesi
43	9031909195	Parts and accessories of measuring or checking instruments, appliances and machines, nesoi
44	8414304000	Compressors of a kind used in refrigerating equipment (including air conditioning) not exceeding 1/4 horsepower
45	8501516040	AC motors nesoi, multi-phase of an output of 746 W but not exceeding 750 W

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46	8536200040	Automatic circuit breakers, for a voltage not exceeding 1,000 V
47	7604295060	Aluminum alloy, bars and rods, other than with a round cross section
48	7606123090	Aluminum alloy, plates/sheets/strip, w/thick. o/0.2mm, rectangular (incl. sq), not clad
49	8536694030	Connectors: coaxial, cylindrical multicontact, rack and panel, printed circuit, ribbon or flat cable, for a voltage not exceeding 1,000 V
50	8504909690	Parts (other than printed circuit assemblies) of electrical transformers, static converters and inductors