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December 20, 2018

**via EDIS (USITC's Electronic Filing System)
Investigation No.: TPA-105-003**

The Honorable Lisa R. Barton
Secretary
Chairman Johanson & Commissioners
U.S. International Trade Commission
500 E Street, S.W., Room 112
Washington, D.C. 20436

**RE: Written Submission Concerning the U.S.-Mexico-Canada
("USMCA") Agreement: *Likely Impact on the U.S. Economy and on
Specific Industry Sectors* (Investigation No. TPA-105-003)**

Dear Madam Secretary and U.S. International Trade Commissioners:

The North American Association of Food Equipment Manufacturers (NAFEM) respectfully submits the following comments to the U.S. International Trade Commission (Commission) for its investigation of the U.S.-Mexico-Canada (USMCA) Agreement, as requested by the Office of the U.S. Trade Representative (USTR), in response to the Commission's Request for Written Submissions Concerning the United States-Mexico-Canada Agreement: Likely Impact on the U.S. Economy and on Specific Industry Sectors, Inv. No. TPA-105-003 (83 Fed. Reg. 52,232, Oct. 16, 2018). NAFEM's comments generally support the United States' signing of the USMCA, but encourage the administration to further negotiate an exemption for Mexico and Canada from the Section 232 aluminum and steel tariffs, which impose additional tariffs on certain products related to the foodservice industry and its domestically produced equipment and supplies.

I. Background on NAFEM

NAFEM (<https://www.nafem.org/>) is a trade association comprised of more than 550 foodservice equipment and supplies manufacturers providing products for food preparation, cooking, storage, and table service for the food-away-from-home market. Since 1948, NAFEM has represented hundreds of U.S. companies that manufacture an array of foodservice equipment, ranging from primary cooking equipment such as stoves and ovens, to storage equipment such as refrigerators, freezers, and ice machines, along with preparation equipment like heated cabinets and racks, and serving equipment including tables, cookware, flatware, and beverage trollies. In brief, NAFEM members provide everything to the commercial foodservice industry except the food.

NAFEM's members include a range of small, medium and large U.S. businesses that provide indispensable U.S. manufacturing jobs throughout the United States. More than 60% of our members are small businesses with sales of \$5 - \$10 million annually. Overall sales for the North American foodservice equipment and supplies market in 2017, the most recent numbers available, were \$13.3 billion. In turn, these businesses, their workers and the products they manufacture, support the foodservice industry, which includes corporate cafeterias, colleges and universities, correctional facilities, hospitals and eldercare, lodging and casinos, schools, supermarkets and convenience stores, and more than one million restaurant and chain locations across the United States alone. Last year, according to the National Restaurant Association (NRA), the restaurant industry employed approximately 14.7 million workers and generated \$799 billion in sales. These businesses and their workers depend on NAFEM-member manufactured equipment and supplies to serve safe, flavorful food to consumers when and where they need it.

Since the majority of NAFEM members are small and medium-sized businesses, and many are family-owned, they are instrumental in providing vital U.S. manufacturing and distribution jobs for thousands of American families, fueling the success of the U.S. economy. NAFEM member companies also actively pursue exporting their U.S. goods outside the U.S. market to countries like Mexico and Canada. Furthermore, to be competitive, perceptive NAFEM companies know that sensible global business strategies include sourcing certain products from nearby countries, such as Canada and Mexico, especially when building efficient supply chains.

II. NAFEM's Position on USMCA

NAFEM members applaud the United States' negotiation and signing of the USMCA Agreement, which is the successor trade agreement to the trilateral North American Free Trade Agreement (NAFTA) that has been in effect since 1994. The USMCA is both a welcome update to NAFTA and a supported trade development for NAFEM members and the food equipment and supply industry. The USMCA is anticipated to continually allow NAFEM members to integrate production supply networks, as well as facilitate robust North American trade in the foodservice equipment and supplies industry.

NAFEM also supports the USMCA because it provides market certainty and a stable legal paradigm to continually improve market access, integrate markets, production networks, and trade in the North American market, which is the biggest market for U.S. exporters in the world. NAFEM appreciates that the USMCA further assists American manufacturing workers by ensuring higher work standards and better wages in the region.

Unfortunately, an opportunity was neglected when the USTR did not use the USMCA as a means to end or exempt the Section 232 tariffs covering steel and aluminum imports from

Canada and Mexico. NAFEM members are concerned with increased tariffs recently imposed by the Section 232 tariffs on products from Mexico and Canada, which were not exempted under USMCA. NAFEM encourages the United States to utilize any ongoing negotiations as an opportunity to waive or terminate Section 232 tariffs imposed on Canadian and Mexican aluminum and steel. In the NAFEM members' experience, Section 232 tariffs have contributed to increased prices, supply shortages and decreased company profits, all leading to the potential to reduce high-quality manufacturing jobs for American workers. Therefore, NAFEM respectfully urges the administration to quickly work to negotiate trade solutions that do not include tariffs that tax manufacturers and ultimately hurt American workers and consumers.

III. Conclusion

NAFEM appreciates the Commission's and the USTR's consideration of this written submission and the opportunity to submit comments regarding the likely impact of the USMCA on NAFEM members and its industry. Please do not hesitate to contact us, if you have any questions regarding the comments.

Honorable Secretary Barton
December 20, 2018
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NAFEM Comments Re: ITC Inv. No. TPA-105-103

Respectfully submitted,

A handwritten signature in black ink that reads "Charlie Souhrada". The signature is written in a cursive, flowing style.

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