

Repeat defenders: Small businesses irked by need to ask for tariff relief twice in one year

By Arren Kimbel-Sannit

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Win Cramer feels like his electronics company is experiencing the trade version of double jeopardy.

Cramer, the chief executive of California-based JLab Audio, is one of scores of business leaders testifying before U.S. trade officials this week and next in an effort to convince the Trump administration to make certain Chinese imports crucial for U.S. businesses exempted from a potential new wave of U.S. tariffs. Cramer is set to argue at a hearing on Monday for wireless audio transmission components to be spared.

And like many of those testifying, he's in eerily familiar territory.

Last summer Cramer made an almost identical plea at the same location — the U.S. International Trade Commission office in Washington. At the time, when the Office of the U.S. Trade Representative was planning to impose tariffs on \$200 billion of Chinese goods to force Beijing to change its intellectual property practices, Cramer got what he wanted.

But now, as President Donald Trump threatens to escalate the trade war with China, the administration is readying a potential tariff strike against an additional \$300 billion of goods — and the transmission devices Cramer's company needs have landed back on the tariff hit list.

"I felt deflated," he told POLITICO, when asked about what he thought when he learned the imports could once again face a 25 percent tax. "We worked so hard to learn how to navigate these waters. We have no general counsel. It takes away from what we're good at doing."

What the company specializes in is making low-cost earphones, which rely on Chinese imports and are shipped to global markets from the company's headquarters in Carlsbad, Calif.

The stakes for JLab, and other small businesses in the same position, are high. If USTR doesn't find Cramer's testimony as compelling as it did last year, he said he'll have to trim down his staff of just 40 — in effect, doing away with some of the U.S. manufacturing jobs that Trump's tariffs are ostensibly designed to protect.

Cramer said that unlike a tech giant such as Apple, JLab's thin margins can't absorb a tariff hit, and the company does not have the flexibility to shift sales around or move manufacturing capacity. Apple, which is seeking to get iPhones exempted from the tariff list, can rely on the friendship CEO Tim Cook has cultivated with Trump, POLITICO [reported](#).

Apple didn't send a representative to the USTR hearings, choosing instead to file written comments that reminded the administration the company had pledged to spend \$350 billion on new and existing American investments over five years after the 2017 tax reform law.

Trump is set to meet with Chinese President Xi Jinping at the G-20 summit in Japan at the end of next week, in what is expected to be a critical juncture in the trade war. U.S. Trade Representative Robert Lighthizer [told](#) House Ways and Means lawmakers on Wednesday that if talks fail again, Trump will have the legal authority in "a couple of weeks" to trigger tariffs on the \$300 billion worth of Chinese imports.

For some U.S. manufacturers, that possibility represents an existential threat. Element Electronics, a South Carolina company that says it's the last domestic manufacturer of televisions, successfully argued for exemptions on LCD panels last year. It made another attempt at a hearing earlier this week. If duties on the panels are imposed this time, the company said it will have to move its production offshore.

"Clearly, the administration feels very strongly that the tariffs are working," Erin Ennis, senior vice president of the U.S.-China Business Council, told POLITICO. "We firmly disagree. But we understand that this is the administration's strategy on a variety of issues and it's our part to express the concerns we have — both with it as a strategy as well as if it's effective or not."

Ennis made that case in a hearing on Tuesday. She said it was the fourth or fifth time she's appeared in front of a USTR panel to argue against import restrictions over the last year.

The repetitive nature of the tariff exemption process is especially burdensome when big-dollar purchases are on the line.

John Reinhart, CEO and executive director of the Virginia Port Authority, successfully lobbied USTR last year to remove ship-to-shore cranes from an earlier tariff list. The cranes, Reinhart said, are basically manufactured only in China and aren't the kind of high-tech, value-added goods that China is aiming to produce as part of its Made in China 2025 initiative to dominate tech-based fields of the future.

The cranes are also back on the tariff list. "It's very frustrating," Reinhart said.

He explained that the port put together a financing package to buy several cranes after the administration granted them the exemption last year. Now, the price tag is poised to increase beyond what Reinhart had planned for — and beyond what public funds will allow him to pay — if he isn't successful in making the argument a second time.

"We didn't anticipate them putting these back on the list. How can you build a long-term infrastructure plan if they're gonna keep changing the rules?" he said. "If we can't buy these cranes, then we're not competitive. Ships will go elsewhere."

It's doubly frustrating, he said, because of the Trump administration's insistence on improving American infrastructure — exactly the purpose the new cranes would serve.

Americans for Free Trade, a coalition of businesses, farmers, manufacturers and other parties opposed to Trump's aggressive use of tariffs, told Lighthizer in a letter earlier this month that the process of repeatedly applying for the same exemption is especially burdensome for small and medium-sized companies.

The [letter](#), which was signed by dozens of companies, asked USTR to create a process that would make it easier for companies to reapply for expiring exemptions and to reduce the bureaucratic load on smaller businesses.

"While we agree that our trading partners must be held accountable for unfair trading practices, punishing American businesses and families with tariffs that they — not foreign countries — pay is not the answer," the letter said. "Without a well-designed and well-run product exclusion process, these negative costs on the U.S. economy and Americans will be exacerbated."

But Lighthizer was unmoved. He told Rep. [Jackie Walorski](#) (R-Ind.) in his testimony before the House Ways and Means Committee on Wednesday that he would not commit to automatically renewing exemptions for companies whose circumstances haven't changed since last summer's exemptions process.

When asked why items that had been granted exemptions were returned to the most recent tariff list, Lighthizer said that he was simply following the president's direction to consider tariffs on all Chinese imports not covered by the previous duties.

To Cramer, the administration's insistence on making firms reapply for exemptions is a sign that it isn't considering the plight of small employers like him.

"They're viewing the bigger picture, which is fine," he said. "But when you drill down into who this is really impacting, it's the small businesses."

Doug Palmer contributed to this report.