



Testimony of Michael Ochs
before the GSP Subcommittee
July 18, 2018

Good morning. I am Michael Ochs, the Director of Government Affairs for the RV Industry Association (“RVIA”). RVIA represents nearly 300 U.S. manufacturers and component suppliers producing approximately 98 percent of all family camping vehicles, including motorhomes, travel trailers, fifth wheel trailers and truck campers, collectively known as RVs in the United States. The economic impact of the RV industry impacts 289,000 U.S. workers in Indiana, Oregon, Michigan, California, Ohio and Iowa.

I am testifying today in support of a competitive need limitation (CNL) waiver for tropical hardwood plywood from Indonesia, which our industry uses as an important raw material in our U.S. manufacturing. This product is imported under HTS subheading 4412.31.41.

RVIA has respectfully disagreed with prior conclusions under the old criteria, which was indexed to domestic production as of January 1, 1995. The new standard is the preceding three years. As much as we enjoy spending time with this distinguished committee, we hope that under the new standard we will all come to the same conclusion!

The RV sector is uniquely American. Our industry was born in the United States more than one hundred years ago and we are proud RVs are still predominantly manufactured here. Approximately 95 percent of world production of RVs happens in the United States. This is clearly an All-American product, and I would note that our members source, whenever possible, inputs from domestic sources.

The reason I’m here today is that for one key input that is simply impossible. We use very thin plywood made from specific tropical hardwood species in many parts of our RVs, including in the flooring, walls, and cabinetry. This plywood is known in the industry as lauan, even though other species of tropical hardwood are used, specifically meranti. A very large percentage of the merchandise that enters under HTS subheading 4412.31.41 is used in the RV industry. We estimate that at least 80 percent of imports in this category from Indonesia are used by our members. The loss of GSP eligibility since October 2015 has been costing the U.S. RV industry more than \$1 million per month, solely in duties.

In past decades, RV makers have tried unsuccessfully to use other species of plywood, OSB board, and plastic panels in place of this product. Consequently, when GSP eligibility was removed in 2015, we had no choice but to continue to source the product from Indonesia. We

would note that no U.S. industry has objected to GSP eligibility for this product in any prior review.

We use this lauan because it has specific properties that no other product, plywood or otherwise, can provide. It can be extremely thin – under 3.6 millimeters – but still remain strong. The RV industry primarily uses panels that are 2.7mm or 3.4mm thick. With gas prices often in flux during summer months, and with current CAFE standards, lower weight is essential. Lauan is also water resistant and will not warp, which are unique qualities necessary in the building of RVs.

In our petition we included statements from all parts of our industry – importers, suppliers, and manufacturers – agreeing that no like or directly competitive product currently exists or has ever existed. These statements all bolster our contention that there is no evidence, in the past three years, or even earlier, that any domestic product could be used in place of this Indonesian plywood.

To that end, I would like to address comments filed by the Coalition for Fair Trade in Plywood with the ITC. They claim there is U.S. made lauan plywood available. There are several problems with their filing. First, they group lauan and mahogany products together. Mahogany is a separate species that is not used by the RV sector in the same way lauan or meranti are. Second, the coalition claims there may be relevant production of plywood that is quarter inch or thinner. We have surveyed our plywood suppliers in the U.S., including members of this coalition, and none make product thinner than 5/32 of an inch. The RV sector uses wood much thinner than that, less than an eighth of an inch. Third, the coalition claims there may be U.S. production, but they do not claim they currently produce this product, nor do they name any companies that do. Finally, their comments to the ITC directly contradict their testimony given under oath in December during a dumping case on Chinese plywood, where they claim that Indonesian lauan and meranti plywood is distinct from their products.

Based on our knowledge of the plywood sector, it is clear that this key input for the RV sector is not available domestically. I would urge you to approve this waiver to lower the costs for U.S. manufacturers. Thank you for your time, and I look forward to answering any questions you have on this matter.