

ORAL STATEMENT  
Before

The Honorable Robert E. Lighthizer  
U.S. Trade Representative

And  
The Section 301 Committee  
Office of the U.S. Trade Representative

Hearing on

Proposed Section 301 List 4 Tariff Modifications

Presented By

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Good afternoon Ambassador Lighthizer and members of the Section 301 Committee. I am Julie Heckman, Executive Director of the American Pyrotechnics Association which was founded in 1948 and is the principal safety and trade association for the fireworks industry. I appreciate the opportunity to discuss the implications of the proposed tariff increases not only on the U.S. fireworks industry, but on the local communities, non-profit organizations, and millions of Americans who celebrate their freedom each 4<sup>th</sup> of July with fireworks.

The fireworks industry shares the Administration's desire to negotiate meaningful trade solutions with China. However, the broad scope of the most recently proposed tariffs, particularly those on fireworks, would raise costs on American businesses and their downstream customers. Additionally and uniquely, thousands of non-profits and small municipalities nationwide will suffer significantly – their skies could be dark next Independence Day.

The APA formally requests that the HTS subheadings for Professional Display Fireworks and Consumer Fireworks be removed from the proposed products subject to increased tariffs. These products are imported under HTS subheadings 3604.10.10 and 3604.10.90.

Fireworks are not high tech products covered by Chinese industrial policy, including it's Made in China 2025 plan, and therefore increased duties on fireworks would have zero impact on China's policies and practices. China is credited with the development of fireworks dating back to the second century B.C. and the discovery of gun powder. The formulas used to manufacture fireworks remain relatively unchanged since the mid-1900s. Fireworks are made by hand, involving a highly-skilled, well-trained, labor intensive process.

That manufacturing process, combined with excessive regulations beginning in the mid-1970s drove U.S. fireworks companies to rely almost solely on imported products. Since 1976, China has been the dominate global manufacturer and supplier of fireworks.

Over the past four decades, U.S. companies have cultivated close relationships with their Chinese industry colleagues to produce the highest quality and safest fireworks ever made. Safety is, and will remain, our highest priority.

During the past several years, the fireworks industry has experienced uncertainties in doing business with China and has even explored fireworks production in other countries such as Vietnam, Cambodia, India and Mexico. What we've learned is that the long-term commitment of Chinese manufacturers to understand and adhere to U.S. regulatory guidelines is not easily duplicated. It would take between 10-15 years to transition meaningful and safe production to another region.

The proposed tariff on fireworks would cause severe economic harm to the industry, nonprofits, and municipalities nationwide. Ninety-eight percent of APA member companies are classified as small businesses. These small businesses are multi-generation family businesses with strong ties to their communities creating thousands of full-time and part-time local jobs.

Additionally, sales of consumer fireworks support thousands of non-profit organizations including churches, veteran's groups, youth sports, and other philanthropic groups. A 25% hike in price will severely hurt their fundraising abilities.

The vast majority of professional fireworks displays are small municipal and nonprofit sponsored displays costing less than \$15,000. The small municipalities contracting these displays are already cash strapped and struggle each year to secure funding for their Fourth of July displays. For these small cities and towns, the proposed 25% tariff would, in many cases, mean they would no longer be able to afford an Independence Day fireworks display.

Fireworks are classified by the U.S. Department of Transportation as explosives and are subject to specific markings on shipping cartons and container placarding. All fireworks containers received at U.S. Ports must have shipping manifests that include the UN identification number, proper shipping name and hazard classification. These requirements, coupled with those of the existing fireworks import surveillance program, have familiarized customs agents with both professional display and

consumer fireworks, thus making enforcement of any tariff exemption for fireworks both feasible and efficient.

APA members are patriotic; they bleed red, white, and blue. We sincerely hope that the Committee will grant our request to exclude fireworks from the most recent round of tariffs so that Americans across this great nation are able to celebrate their freedom this 4<sup>th</sup> of July and beyond, by lighting up the skies and celebrating as John Adams wanted “with bonfires and illuminations from one end of this Continent to the other.” Thank you for this opportunity to testify. I would be happy to answer any questions that you may have.