

Statement of Ed McAssey Before the House Ways and Means Sub-Committee on Trade

Good afternoon, my name is Ed McAssey. I am the Chief Operating Officer of Lasko Products LLC headquartered in West Chester, PA. Lasko is a 111 year old privately owned Company that was until last year owned by the Lasko family since inception. In 2016 we were sold to Comvest Partners, a private investment firm.

Lasko employs 942 people in the United States at facilities located in Pennsylvania, Tennessee, and Texas. Many of those employees have been a part of the Lasko team for over a decade. I myself have been with the company for 33 years. We manufacture fans, heaters, humidifiers, and range hoods. Portable electric fans make up 72% of our sales.

The Lasko story is a textbook example of what the United States Congress intended to provide with the Miscellaneous Tariff Bill, or MTB. Our factories in Franklin, Tennessee and Fort Worth, Texas manufacture the portable electric fans and employ 638 workers, roughly 68% of Lasko's workforce. These are the two sites that will benefit from the swift passage of the MTB. We are the only manufacturer in the United States of electric pedestal and desktop fans sold in big box retailers. Our competition is exclusively from China.

As a result of having to compete with low-cost Chinese manufacturers, our operating margins are razor thin. In order for our business to be viable against low-cost portable fans imported from China, we have invested heavily in automation for assembly, welding, and painting machinery. On any given day we are operating at least 60 injection molding machines, most of which were also manufactured in the United States. Despite the stiff competition from China, we are committed to maintaining our United States manufacturing facilities. In the past three years we have invested \$7.4 million in plants, property and equipment in our Franklin and Fort Worth facilities.

We make the injection molded parts in our fans with plastic resin made in the United States. Much of the steel we use to manufacture our products is produced in the United States. We pack our finished products in cardboard boxes made in the United States. I point this out to emphasize the multiplying effect from our operations that benefits our suppliers. There would be a substantial negative effect on our suppliers if the MTB were to fail to pass.

We are in a business of pennies and can sometimes lose a fan sale to overseas competitors due to a cost differential of 20 to 30 cents. The duty relief provided by the MTB on motor assemblies and related parts enables us to compete with suppliers in China who do not incur the costs of livable wages, health insurance, and retirement contributions that we provide to our employees. Our average wage rate is over \$16. Unfortunately, the 638 jobs at the plants that would benefit from the MTB are down by 4% compared to this time last year. We have lowered the price of our products as much as possible in an effort to generate enough sales volume to protect our employees' jobs.

The swift passage of the MTB is very important to Lasko and our workers. Our business benefits our plastic, steel, paint and packaging suppliers. There are also businesses that provide us with parts and supplies for the relevant factories. The tariff savings from the MTB in 2018 would be an estimated \$1.5 million, and \$4.8 million over the three-year term of the bill. These savings would not only allow us to maintain our workforce, but also to continue to source our other parts from American suppliers.

As you can see, the MTB is very important to American business as a whole. Passage of the bill would make Lasko and other manufacturers in the United States more competitive with low-cost manufacturing around the globe. That is why we are working with the National Association of Manufacturers and the broader business community to explain the importance of this legislation for workers in Franklin, Fort Worth, and around the United States.

Last year in strong bipartisan showing, Congress passed legislation that created a new process for the consideration of the MTB. While the process has not been perfect, we look forward to working with all stakeholders to suggest refinements to ensure that the process can work even better in the future.

I urge you to once again reach across party lines and pass the MTB as soon as possible, as it will provide tariff relief to domestic manufacturers who are committed to maintaining their facilities in this country and providing much needed jobs to the American people. Thank you.