



Testimony of Michael Ratchford
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Good morning. Thank you for giving me the opportunity to testify before you today on this critically important topic for American manufacturers. My name is Michael Ratchford, and I am the Government Relations Associate for W.L. Gore and Associates.

Founded in 1958, W. L. Gore & Associates, Inc. is a privately-held company headquartered in Newark, Delaware. From our humble beginnings in the basement of Bill and Vieve Gore's house, Gore today has approximately 9,500 Associates inventing, making, marketing and selling innovative, technologically-advanced products; 6,000 of our Associates are employed here in the United States. Gore has been granted more than 2,000 patents worldwide in a wide range of industries, including electronics, military and consumer apparel markets, medical devices, and polymer processing. We are a strong supporter of the Miscellaneous Tariff Bill (or MTB) process. Gore has benefited from the MTB process beginning in 2006 with the inclusion of petitions for outdoor footwear that include a laminated textile that imparts protection against water while simultaneously permitting breathability.

Upon creation of the new process in the American Manufacturing Competitiveness Act (AMCA), Gore submitted petitions that will allow us to obtain critical duty savings for our own imports on products that don't have domestic competition concerns, and we actively supported petitions submitted by our customers. Specifically, we have pending petitions for inputs for gasketing materials, components used in a special coating for implantable medical devices, hunting accessories, and outdoor footwear that protects the wearer against the elements, some of which contain a waterproof breathable sole. We strongly support passage of an MTB bill by Congress as quickly as possible.

Gore appreciates the renewal of this important program; the MTB process creates an avenue for substantial duty savings. We believe the new rigorous process is rightly focused on ensuring that current and imminent U.S. manufacturing is not harmed.

The AMCA creates an open process where stakeholders and the public can monitor filed petitions, comment, and better understand how petitions are evaluated. The new MTB process is significantly more transparent than previous iterations and ensures that stakeholders have ample

opportunity to be actively involved during the vetting process, before being considered by Congress.

The new process builds on decades of work by Congress and successive administrations to create a more transparent, objective, and predictable process for Congress to consider and enact the MTB. The duties that are eliminated undermine the competitiveness of manufacturers in the United States by imposing unnecessary costs.

The number of petitions submitted demonstrates the demand for this type of duty relief. The 1,800 petitions to remove tariffs on imports included in a final report sent to Congress in August would eliminate tariffs of more than \$350 million in 2018, and more than \$1 billion over the next three years, if Congress acts to pass the MTB by the end of this year. Gore submitted 46 petitions to the International Trade Commission (ITC) as part of this new process. We were pleased that 22 of those were recommended for duty reduction or elimination. As with any new process, we believe there is some room for improvement. We would appreciate an opportunity in the future to have a dialogue with the Committee and relevant agencies on how the process could be improved. We greatly appreciate the efforts of the ITC, the Department of Commerce, and U.S. Customs and Border Protection (CBP) in participating in this new process.

As an innovative American manufacturer, we are a member of the National Association of Manufacturers (NAM). Gore also plays a leading role in Outdoor Industry Association (OIA), where I am the chairman of the Trade Advisory Committee, which focuses on pursuing a balanced trade agenda and creating a level-playing field. In addition, we are members of the American Apparel and Footwear Association (AAFA), the National Council of Textile Organizations (NCTO), and the Footwear Distributors and Retailers of America (FDRA).

As a medical device manufacturer, Gore is also a member of Advanced Medical Technology Association (AdvaMed), which represents the U.S. medical device industry. MTBs are extremely important to the members of all these associations.

Virtually all of Gore's thousands of products are based on just one material, a versatile polymer called ePTFE (expanded polytetrafluoroethylene), which we engineer to perform a wide variety of functions. Consumers know us best for ePTFE's inclusion in apparel and footwear products, under the GORE-TEX brand which provides a unique combination of breathability and waterproof protection.

In addition, Gore technology has broad applications in the medical field. Our medical products include synthetic vascular grafts, surgical meshes for hernia repair, and sutures for use in vascular, cardiac, and general surgical procedures. More than 40 million innovative Gore Medical Devices have been implanted, improving patient outcomes worldwide. Two of the MTBs we submitted for duty relief are inputs used to coat implantable medical devices to ensure hemocompatibility. These particular petitions truly exemplify the need and value of this process.

Collectively, Gore and our partners are global leaders in innovation and technology. Our success as a market leader and a global innovator derive from extensive investments we make in the United States. We create high value for products through our research, product development and design, process engineering, testing and analysis, and patenting and market research conducted in the United States, principally within our Maryland, Delaware, Pennsylvania, California, and Arizona campuses, along with one of our newest product lines located in Bozeman, Montana, which is home to SITKA Gear.

Our commitment to invest in innovation in dozens of complex products means we can successfully compete and win globally. We manufacture technically sophisticated, IP-intensive products. As an example, in high performance apparel and footwear, the GORE-TEX brand is known for its high-quality and innovative products, but there are only a limited number of factories in the world capable of manufacturing to our high-quality standards.

When in effect, the MTB process alleviates duties that act as barriers and allow us to supply the market with a broader variety of products. The savings on duties translate into various benefits for Gore and our customers. For our medical products, duty savings from the MTB can be invested into our ongoing U.S.-based research and development, which allows us to develop new

technology that improve patient outcomes. For outdoor footwear especially, which face duties as high as 37.5%, we observed that the MTB allows our customers to add our technology more broadly across their product line and deliver a wide range of innovative styles at better price-points for outdoor enthusiasts. Moreover, for our North American customers, the majority of membranes and films for footwear products originate in the U.S. This means the highest value portion of the manufacturing is done domestically. This high-tech process makes shoes and boots water-proof and breathable to enhance the outdoor experience for our customers. Gore products are the result of substantial research and development conducted in the United States.

Lastly, I'd like to highlight the real-world positive impact that MTBs have for manufacturers and U.S. consumers based on Gore's previous experience.

As illustrated above, MTBs create and support U.S. jobs. The reduced duties under the MTB serves as an incentive for Gore to increase our investment in developing new innovative technologies that would benefit outdoor enthusiasts and improve patient outcomes.

For example, in late 2012, Gore unveiled GORE-TEX SURROUND™ technology, a new innovation platform in footwear. GORE-TEX SURROUND technology is configured to include breathability through the sole of the shoe and improves footwear comfort beyond what could be previously achieved using only the upper of the shoe while still keeping feet dry in wet conditions. As with any new and innovative product, the upfront costs to produce and sell at retail are much higher than for more established products. Coupled with 20% to 37.5% import tariffs, the total costs are even higher. The release of this new technology alongside the expiration of the last MTB essentially priced GORE-TEX SURROUND™ footwear out of the U.S. market. As a result, GORE-TEX SURROUND™ was introduced only to the European and Asian markets, giving these brands a first to market advantage. While a few U.S. footwear brands have since introduced the technology into their collections in limited styles, they remain behind their European and Asia Pacific competitors.

Thank you for renewing the MTB, a great opportunity for U.S. companies, and for considering my remarks today. I am happy to answer any questions.