

Testimony of Timothy K. Hoelter
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Before the Subcommittee on Trade
of the Committee on Ways & Means
of the U.S. House of Representatives
Hearing on
The Trade Advisory Committee System

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Mr. Chairman, Ranking Member Brady, thank you for the opportunity to appear today before the Subcommittee to testify on the subject of the Trade Advisory Committee system. My name is Tim Hoelter and I am Vice President, Government Affairs for Harley-Davidson Motor Company. I am also Chairman of the Industry Trade Advisory Committee for Consumer Goods (ITAC-4).

Harley-Davidson Motor Company, headquartered in Milwaukee, Wisconsin, manufactures and sells motorcycles, parts and accessories and a wide range of general merchandise including functional riding gear, clothing and gift items. As the leading U.S. manufacturer of heavyweight motorcycles and a world famous brand, last year we sold more than 300,000 premium heavyweight motorcycles in the U.S. and in over 70 foreign countries. Today, exports account for more than 30% of our total motorcycle sales, and

that figure is growing. Consequently, expansion in overseas markets is vital to Harley-Davidson's business strategy and is critical to the well being of the Company and its employees, particularly in these extremely challenging economic times where we have been forced to take difficult actions to manage through the current environment.

I have been employed by Harley-Davidson for twenty eight years, and my involvement in the Advisory Committee system dates back a decade, when I began serving as a member of ITAC-4 (Consumer Goods) and, more recently, as staff liaison to ACTPN. Today, I will focus my remarks on my experience as a member and now Chair of ITAC-4.

ITAC-4 perhaps has the most diverse membership of all the Industry Trade Advisory Committees. Presently, we have 16 members representing a broad range of consumer goods including processed foods, toys, furniture, fine china, glassware, weed whackers and other outdoor power equipment, tobacco products, distilled spirits, video and other amusement games, pots and pans, branded household, beauty and health care products, washing machines and appliances and, of course, motorcycles.

While ITAC-4's membership is quite diverse, we are as one when it comes to embracing the principle of free and fair trade and the need to level the proverbial playing field in order to create sales opportunities for our members overseas. And as an employee of an American manufacturer, I can assure you that growing our export business today is a top priority, because it brings work into our U.S. factories and thus helps protect jobs or at least mitigate job losses in the current economic environment.

All members of ITAC-4 are cleared advisors and all have in depth knowledge of their businesses. They understand the importance and dynamics of trade and how it impacts their industry. ITAC-4 typically conducts 3 to 4 regular meetings per year where we all meet in person. We also can and do call special meetings when the need arises to provide statutory and other advice when requested. Our meeting agendas typically include a half dozen or more trade matters where we receive reports and updates from Department of Commerce or U.S.T.R. staff. Rarely do senior officials present to us, as in most cases we hear from very capable staff professionals with direct knowledge about the matters being discussed. These reports vary from meeting-to-meeting and may concern Doha, China trade compliance, import safety, the EU's REACH Directive,

WTO accessions, the status of certain FTAs and also India, just to name a few. It is important to note that our meetings are typically closed to the public. Because we are all cleared advisors, this is invaluable as speakers are able to talk candidly and directly on what the current U.S. Government position is and what factors are driving the decision making process. The closed meetings also let us give advice that is honest, focused, and meaningful to policymakers. On occasion during these meetings our members have served as treaty watchdogs by alerting staff to specific instances where our trading partners were not living up to their obligations.

Of course, the Industry Trade Advisory Committee system is not the only channel by which our member companies or any interest group for that matter can engage policymakers on matters relating to trade. In my experience, both the Department of Commerce and USTR maintain an open door policy and eagerness to listen to concerns regarding non-tariff market access barriers such as foreign standards and regulations, licensing issues and the like. These agencies and the ITAC process are also very useful to U.S. industry when it comes to the crafting of trade policy and the development of U.S. trade negotiating strategies. As an ITAC member, I and my fellow industry representatives are afforded the opportunity to

convey to U.S. negotiators critical industry recommendations on issues such as import sensitivity, market access priorities, intellectual property protection, foreign taxation, investment restrictions or mandates, regulation (such as forced metric labeling), standards harmonization, and other non-tariff issues that have a significant impact on overall U.S. export opportunity and success. ITAC participation also affords U.S. industry with useful information beyond pure trade policy. For example we often receive at our meetings country briefings that provide insights into the political forces at work within our trading partners' governments and societies that help us to understand the factors that drive their specific trade policies. Having this context helps U.S. industry to craft country-specific business and export plans for key markets that will have a higher likelihood of success.

As a participant in the ITAC system for the past decade, I appreciate the need to maintain transparency and to ensure that citizens have the ability to express their views on trade issues. Providing channels of communication and an appropriate forum for engagement to both industry and non-industry groups alike frankly leads to better and more informed decisions by those charged with establishing trade policy.

By the same token, advice and recommendations flowing to policymakers from any one source needs to be clear, focused and unvarnished. In short, the advice needs to be actionable. And having multiple sources, each providing unvarnished advice is fine, even when it differs, because it gives policymakers more options. On the other hand, advice that is processed down to the lowest common denominator to achieve consensus within a group whose members reflect opposing interests is utterly worthless to senior officials charged with developing coherent trade policy. You can't build a coherent trade policy out of Pablum. Watered down advice, advice that goes through a strainer or does not express clear views or unequivocal recommendations, does our trade policymakers a profound disservice.

Chairman Levin and Ranking Member Brady, this concludes my remarks. I appreciate the opportunity to discuss these issues with you today and I want you to know how privileged I feel to serve my government in the Trade Advisory Committee system. I would be happy to work with the Subcommittee in the future on other trade related issues and I would be happy to answer any questions you may have.