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The Honorable Charles Grassley
Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510-6200

The Honorable Max Baucus
Ranking Member
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Subject: S. 3256 and S. 3257

Dear Senators Grassley and Baucus:

General Electric Company submits these comments in opposition to S. 3256 and S. 3257, which would provide for temporary suspension of tariffs on ground fault circuit interrupter (GFCI) receptacles of 15 amps or less and ground fault circuit interrupter receptacles of greater than 15 amps, respectively. Suspending the duty on imported GFCI receptacles will both nullify benefits that GE has obtained under the US-Singapore Free Trade Agreement and, more importantly, erode GE's competitive position in the manufacture and sale of Load Centers manufactured in the United States.

General Electric manufactures Load Centers in Morristown, Tennessee. These Load Centers, which contain GFCI breakers imported from a GE facility in Singapore, perform the same function as, and compete directly with, the GFCI receptacles that are the subject of S-3256 and S-3257.

Most municipal electrical and building codes require some form of GFCI breakers, typically in kitchens and baths. Most commonly either a GFCI breaker or a GFCI receptacle provides this ground fault protection. Generally, builders or electrical equipment installers can choose which GFCI system to use, and cost is an important factor in this decision. Suspending the duty on imported GFCI receptacles will adversely affect the cost position of General Electric Load Centers manufactured in the United States in competition for applications that can be served by either product.

The Morristown, Tennessee plant at which GE assembles Load Centers employs 270 personnel, approximately 162 of whom are dedicated to manufacture and assembly of Load Centers. Seventy percent of the plant's revenue is derived from Load Center sales. Loss of the sale of GFCI load centers over time would effectively shut down the plant, as fixed costs associated with manufacturing the remaining Morristown product would increase dramatically on a per unit basis.

Loss of Load Center sales also would adversely affect the distribution centers and distribution channels for products manufactured at Morristown. Specifically, per-unit costs for distribution at

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GE's Mascot Distribution Center in Tennessee would be adversely affected, as Load Centers account for a material portion of the distribution work at that facility.

The GFCI receptacles considered for duty relief under S-3256 and S-3257 compete directly with Load Centers manufactured in the United States. Giving these imports an additional cost advantage over GE's U.S. products jeopardizes our ability to compete in an extremely cost sensitive electrical distribution market. Moreover, the suspension of duties on GFCI receptacles would nullify the benefit obtained by General Electric in manufacturing GFCI breakers in Singapore under the duty relief provided by the US-Singapore Free Trade Association, and undermine the declared purpose of the treaty to increase US-Singapore trade. For these reasons, General Electric opposes enactment of S. 3256 and S. 3257.

Yours truly,

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