

DATE: December 3, 2009

TO: Senate Finance Committee

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SUBJECT: Tariff Duty Bills S.2014 and S.2047

I would like to explain why I support the subject bills and the potential impact if these Bills are passed.

The specified machines are used at companies in the aerospace industry for machining critical aircraft frame structures, gear boxes and landing gear. Typical customers are Boeing, Sikorsky, Bell Helicopter, Lockheed, Sundstrand, US military and their first tier supply chain.

The key component to these specific machines is volumetric accuracy in the machining envelope. There are two facilities in the world capable of producing these types of accuracies in machine tools.

Note: These are facilities that are built with very stringent temperature control in the assembly facilities, vibration damping control in the assembly floors and utilize hand scraping and fitting of major components to achieve the stated accuracies. This know how is very difficult to reproduce quickly and does not exist anywhere else in the world at this time except at two facilities.

One of these facilities is Mitsui Seiki in Japan and the other is Yasda in Japan. Yasda is our competitor but does not make machines of the size in the subject bills. Other machine tool builders make similar designed products but the volumetric tolerance is at least three times higher than the products specified in these bills and their products are used for parts that required much less accuracy when finished machined. This accuracy statement in the proposed tariff provision would not allow other producers to utilize this tariff provision.

The reality in the globalization in manufacturing is these machines are critical to specific high tolerance parts needed for the aerospace industry and provide substantial cost savings when purchased and utilized. So the end users considering the purchase of these machines look at the total capital cost as a discriminator for purchase. If the cost to purchase is cheaper in another country they will purchase the machine there and the parts are manufactured outside of the USA. In those cases Mitsui Seiki may still get the order

for the machines but jobs, know how and revenue is then produced outside the USA boundaries.

I'm a strong proponent of US based manufacturing with personally 35 years of job experience in global manufacturing and am watching the machines outlined in these Bills go to other countries due to cost advantages offered by these other countries. The duty drawback these Bills represent would allow us to reduce the capital cost to the end users in the USA by passing the duty reductions to them and encourage them to purchase this equipment and install it in the USA.

I believe that maintaining sophisticated manufacturing jobs in the USA is critical to our continued global dominance in the aerospace industry. Please consider this and if you need further information please let me know.