



*Testimony to the United States International Trade Commission*

*February 28, 2012*

My name is Matthew P. Hehl. I am the Executive Director of The Remanufacturing Industries Council, and want to express my appreciation to the Commission for this opportunity to testify before you on behalf of our Council.

Let me begin by emphasizing that remanufacturing as an industry is a controlled process that adds jobs, promotes sustainability of our natural resources, promotes our environment and most importantly enhances growth and innovation throughout all the vital sectors of our economy.

The processes employed by remanufacturers result in end products that are as good, if not better than the original. Disassembly, cleaning and inspection has as its by-product the identification of original origin manufacturing defects and design flaws. Corrective material and design techniques are incorporated into the remanufactured product enabling remanufacturers, in many cases, to provide warranties that exceed original equipment standards.

The product produced through Remanufactured is anti inflationary. Let me explain. If you take a new product produced in the era of the 70's it already has the raw material (core) and significant labor content already embedded. This reinvestment via remanufacturing prevents inflation from creeping into the economic equation, and it prolongs the economic value of the product.

Remanufacturing also promotes the sale of new whole goods by factoring into the product for the owner the lowest cost of ownership (LCO) over the full life cycle of the product inclusive of core value.

Unfortunately, many remanufacturers are hampered by antiquated rules and or restricted procurement language that is either outdated or misguided in today's world of technological and innovative advances.

Speaking on behalf of the RIC we are pleased the USITC has undertaken the request of the United States Trade Representative (USTR) to investigate and better understand the working sectors of this critical, little understood, remanufacturing world ranging from aerospace products, telecommunications, medical imaging, heavy duty truck and equipment, office products, furniture, motor vehicles, tires, restaurant equipment, consumer electronics and the world of information technology. The unique value of the RIC lies in the fact that it has been established to cover a commonality of interests and problems faced by the numerous diverse remanufacturing sectors and is, by design non-sector specific. Thus the footprint of our RIC Members and the industries they support invariably touch every area of our country and impacts upon the lives and livelihoods of untold employees and the communities in which they live and work.

To further illustrate this diverse group, I have identified the current members of our Remanufacturing Industries Council:

**SRC Holdings Corporation** – *Remanufactured Heavy Duty Diesel Engines, Automotive and Marine Engines and Electrical Systems.*

**Clover Technologies Group** – *Remanufactures Imaging Supplies*

**Detroit Diesel Remanufacturing** – *Engines, Drive Lines, Fuel Injectors, AC Compressors*

**Cummins Recon Engines** – *Heavy Duty Commercial Engines*

**Circuit Breakers Sales** – *Heavy Duty Industrial Design Breakers*

**Xerox Corporation** – *Reproduction Equipment and Supplies*

**Wabco Reman Solutions** – *Electronic Braking, Stability Suspensions, Transmission Control Systems for Heavy Duty Commercial Vehicles*

**Cardone Industries** – *Remanufactured Automotive Systems and Sub-systems*

**General Electric Healthcare Systems** – *Remanufactured MRI Equipment, CT, X-Ray, Ultrasound PET/CT and Nuclear Imaging*

**Davies Office Refurbishing** – *Office Furniture / Modules*

**John Deere Remanufacturing** – *Engines, Hydraulic Components, Drivetrains, Fuel Injectors, AC Compressors*

**Arvin Meritor** – *Remanufactured Brakes, Safety Systems Axles, Drive Lines*

**Caterpillar Remanufacturing** – *Heavy Equipment, Engine Parts, Hydraulics, Undercarriage*

**Flight Systems Electronics Group** – *Remanufactured Diesel Components*

**The Advantage Group** – *Remanufactured Restaurant Equipment*

**ATK-VEGE** – *Remanufactured Crate Engines – Domestic, Japanese, European, Diesel, Marine*

Recognition and awareness of the breadth of this remanufacturing industry is so important. In a way this Commission's Investigative Study will be our industry's first formal introduction to Washington, where up until now we have been a relatively unknown, albeit powerful force. Our remanufacturing industry is quite simply a major jobs engine. It is a pro-growth industry that promotes environmental sustainability. It is also a facilitator of economic success by extending life cycles of products thereby increasing the return on invested capital for businesses of all sizes.

For countless companies, including many small and family owned operators, remanufacturing is actually a lifeline to ongoing production. Many of these enterprises are using legacy equipment, and might cease to operate if remanufacturing did not exist. Many of these firms cannot afford the cost of new equipment or, in some cases, fill a niche market where the equipment they use might actually be "one of a kind". This is not in the bulk of the industry, but it is important to communities all across the country.

Finally, as part of the US Manufacturing Competitiveness Initiative we will provide here for your review and consideration the top ten (10) reasons why remanufacturing is a key component of the broader Manufacturing Ecosystem.

- 1. Remanufactured products are a great financial alternative to new ones.*
- 2. Remanufactured products ensure the health of the environment for future generations.*
- 3. Remanufacturing prolongs the economic life of a product.*
- 4. Remanufactured products support the sales of whole goods.*
- 5. Remanufactured products catch problems in new products and production processes.*
- 6. Remanufactured products are often used to reduce the warranty replacement expenses in whole goods.*
- 7. Remanufacturers embrace state of the art manufacturing processes – lean techniques, investment in people, material traceability and quality management systems.*
- 8. Remanufacturing is a great breeding ground for talent development.*
- 9. As OEM's realize that remanufacturing doesn't compete with new, they see it as an opportunity to gain market share rather than lose it.*
- 10. Remanufactured products significantly reduce the OEM's responsibility to invest in new inventory to support after-market service requirements by virtually eliminating the necessity of all time requirements.*

We are hopeful that the information this Study develops, and the testimony of those invited will not only benefit our industry domestically, but also enhance our recognition and position in International Trade Negotiations, and ongoing trade discussions. We are hopeful that the United States Trade Representative will be in a position to pro actively use this information to further the cause, value and benefits of remanufacturing for future trade growth in global markets throughout the world.

Once again, on behalf of the Remanufacturing Industries Council, let me thank the Commission for allowing the world of remanufacturing to be introduced to Washington.

Matthew P. Hehl  
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