

U.S. Senate Commerce Committee

Hearing to Examine Sustaining a U.S. Domestic Supply Chain of PPE

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Testimony of

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Senator Moran and Ranking Member Blumenthal, distinguished Senators, ladies and gentlemen, thank you for the opportunity to provide testimony today on the urgency of sustaining a domestic supply chain of PPE during the COVID pandemic.

I come before you as a second-generation business owner who runs a manufacturing business in the State of Connecticut. My ancestors built one of the first textile mills in Connecticut. My father built a business that pioneered the development of football training equipment in 1929. My company is the nation's leading manufacturer of blocking and tackling dummies and sleds. When the pandemic struck and the nation's governors were issuing stay at home orders, most, if not all, the high schools and colleges closed, as well as all of the NFL. The Game of Football was on hold. College football at 591 schools was cancelled or moved to the spring. High School football in 24 states was cancelled or moved to the spring. Our whole market cratered and collapsed. We were on the brink of shutting down and laying off all my employees, and potentially going out of business. I thought of my grandfather, Nathan Gilman who re-purposed his textile mill to make Army blankets during World War II. I, too, wanted to contribute in some meaningful way to help the medical professions on the front lines battling this deadly COVID virus. I read about the terrible shortage of PPE in our Hospitals, Nursing Homes, Assisted Living and Urgent Care Facilities. I saw pictures of doctors wearing rain ponchos as gowns, using ski goggles as eye protection and recycling N95 masks for days on end. I later learned that the whole domestic PPE market had moved their manufacturing mainly to China to take advantage of cheap labor and material. At the time, the Chinese were dealing with their own domestic pandemic and had decimated their supply of PPE. When COVID spiked in the US, hospitals found their normal supply chain choked off and the Chinese market was unable to meet their demand. Gilman Gear had a large cut and sew operation. I was determined to make Isolation Gowns because we had the equipment to cut and sew them. I quickly got a sample from a local hospital. Designed my own pattern. Researched the materials the gowns are made of and built a prototype using a non-woven polypropylene material. I sent it over to Yale New Haven Hospital. They evaluated it and awarded me my first big order. I was able to get business because there was "surge demand." The hospitals needed more gowns

than they could buy from their normal supply chain, so they turned to me to bridge the gap.

The problem was twofold. The hospitals wanted the gowns fast and they wanted them cheap. To meet the aggressive supply schedule, I had to invest in new machinery and hire more employees. We went from making 200 gowns a week to more than 12,000 gowns per week. Pricing was an even more difficult hurdle. The hospitals were reluctant to pay more than the price they paid for the product exported from China. I couldn't match that price unless I moved my factory to China. My gowns are made 100% American made. I'm at a competitive disadvantage. My labor costs are higher. My material costs are higher. I'm able to mitigate some of the cost disparity with technology. But at the end of the day, my American made Gown is two to three times more expensive than those made in China. However, my American made Gown is a higher quality and meets a higher level of protection. But in the PPE market an Isolation Gown is considered a commodity item and buyers in the medical community are just looking for the cheapest price.

I'm here with an urgent plea for the Federal Government to do more to help the private sector sustain the PPE business in the United States.

China dominates the market for protective and medical supplies. The Chinese government has made manufacturing PPE a priority, not only from a national security standpoint, but also with a view to creating domination over a globally critical marketplace. The Chinese government has implemented this strategy by taking the following measures:

- Factory owners get cheap land courtesy of the Chinese government.
- Factory owners get loans and subsidies.
- Chinese hospitals are told to buy local giving China's supplier's a vast and captive market.

The Federal Government can play a vital role in sustaining US companies that have pivoted to making PPE if it will do the following:

- Implement a Buy American preference across all federal agencies that purchase PPE.
- Create a subsidy for companies investing in new plant and equipment for manufacturing PPE.
- Establish a tax credit for every job created to make PPE.

We're not looking for a hand-out. What we want, to use a football term, is a level playing field, so we can compete with China.

What's at stake here, is the future of manufacturing PPE in the State of Connecticut and for that matter, across the United States. If we let China dominate the market for PPE. If we let them control the supply chain for PPE. Doesn't that compromise our ability to cope with this pandemic? Do we want to be at the mercy of China, when and if there is a pandemic in the future?

What's at stake here is jobs! The 50 jobs we support at Gilman Gear are precious. If we lose them to China, and they are not coming back.

What's at stake here is our ingenuity and ability to pivot on a dime from a mature business making football equipment to making PPE to serve the medical community. We evolved and re-invented ourselves during a national emergency and sustained 50 jobs during the worst economic downturn in our history. Help us to sustain this critically important business today and in the future!