Testimony of Brian Riley
Founder & CEO, Guardian Bikes
Hearing Entitled *"Financing America's Manufacturing and Industrial Boom"*
United States Senate Committee on Small Business and Entrepreneurship

May 14, 2025

Chair Ernst, Ranking Member Markey, and Distinguished Members of the Committee:

Thank you for the opportunity to testify today.

My name is Brian Riley, and I am the Co-Founder and CEO of Guardian Bikes, a company I started 15 years ago, while I was still in college, with a simple mission: to make bicycles safer for people.

The inspiration to start the company came from a traumatic accident that my Grandfather had on his bicycle. When I was a kid growing up, my Grandpa, Lee Bowman, used to ride his bike around the neighborhood for exercise. One day, a car cut him off, he panicked and overapplied his front brake, causing the front wheel to lock up and sending him flipping over the front of the bike. He landed on his head and broke his neck and was found on the side of the road by someone who called 911. Luckily, my Grandpa survived the accident, but it was a traumatic experience that my family and I went through.

When I went to college, I kept thinking about what problem I could help solve. I decided to work on a new type of bicycle braking system which could completely prevent the type of accident that my grandfather had. After numerous failed prototypes, the SureStop braking system was eventually born, an important innovation which made this type of accident a thing of the past. I was convinced that the right business model for this invention was to partner with the major bike brands to get SureStop planned into their new bike models. So, from the age of 21 to 26, I traveled around partnering with existing bike brands to get the SureStop braking system adopted onto their new bike models.

As I began to work within the industry, I quickly learned that every single bike brand in the United States was importing bikes from Chinese OEM bike factories. In fact, the entire bike component supply chain was in China as well. Things like brakes, wheels and handlebars would be ordered by these Chinese OEM factories, who would then sell a complete bike in a box to an entity in the USA, and eventually it would make it to an American consumer. So, while a company like Huffy or Schwinn would make the decision to use the SureStop brake system on a model—our customer buying our SureStop components was the Chinese OEM factory.

It was an interesting start to a career. I learned how the entire value chain for bicycles worked, from production to retail. Contrary to past decades in the U.S., when bike companies like Schwinn were American manufacturing powerhouses, when I entered the industry as a young person in 2010, not a *single* bike brand sold in the U.S. was manufacturing in the U.S. In addition, the American brands I had grown up on – like Schwinn or Huffy, had not only outsourced all their production, but it turned out most of these popular brands were foreign owned as well.

By 2016, we decided to pivot the company from a bicycle brake component supplier to start our own bike company and integrate our SureStop braking technology onto our own bikes. This is how Guardian Bikes was born.

Initially, we had to use the Chinese OEM supply chain to make our early bikes. However, as tariffs started in 2017 and 2018 under President Trump's first term, and later Covid supply chain disruptions started happening, we decided to build a factory to make our bikes in the US.

In 2022, we started our bike factory in Seymour, Indiana. In just 36 months, we've become the first large-scale bicycle factory to exist in the United States since the industry completely left the U.S. in the 1990s. We employ 250 people, making 2,000 safe, quality, American made bicycles per day, and are rapidly growing.

Starting and scaling this business required capital. Early on, a crucial SBA 7(a) loan helped us get off the ground, but it was only a starting point. What truly allowed us to grow was patient, long-term capital from private investors that provided us the equity injection we needed to build our first U.S. manufacturing facility.

Senator Ernst's Made in America Manufacturing Finance Act—which would double the loan limit for SBA's 7(a) and 504 loan programs to $10 million for small manufacturers with U.S. production facilities—would be instrumental in furthering growth of American companies looking to re-shore production. Increased working capital through this legislation would empower small manufacturers to start or expand production, hire more Americans, and help solidify the U.S. as a viable place to start factories again.

Private investors and lenders often lack incentives or confidence to invest long-term in U.S. manufacturing. Public-private partnerships like SBA's 7(a), 504, and SBIC programs are precisely the kind of tools that can help small manufacturers. Expanding and improving these programs would encourage more patient, long-term capital into domestic production.

Another obstacle is imports from low-wage countries, particularly in Asia, which also benefit from subsidized steel and aluminum. Over 200 million pounds of overseas steel and 40,000,000 pounds of overseas aluminum are imported into the United States annually in the form of finished bicycles.

Bicycle manufacturing *can* come back to America, and serve a critical role in sustaining a healthy and competitive U.S. steel and aluminum industry.

Seventy-five years ago, over 99% of bikes sold in America were made in America. Many American bicycle manufacturers and their network of domestic bicycle component suppliers shifted to wartime production during WWII in order to support the war effort, a key element to sustaining America's fight during the war.

However, after World War 2, bike tariffs were slashed from 30% to an average of 11%, and by 1955, imports had captured a staggering 40.6% of domestic bicycle sales. Various trade enforcement actions helped slow further bleeding over the next few decades, but it was a steady decline. By 1999, the three remaining major U.S. bike manufacturers had shut down all domestic manufacturing, laying off thousands of employees.

Today, an astonishing 85% of all bikes sold in the United States are imported from China, despite the supplemental 25% tariff on bicycles from China as part of 2018 Section 301 action supported by both the prior Administrations.

As the Administration works to reshore production of automobiles, trucks, and airplanes, they should not forget about bicycles. The labor-intensive nature of bicycle manufacturing can rapidly create thousands of good jobs if a protective tariff for bicycles is set. A protective tariff need not limit competition; foreign manufactures are welcome to invest in America and compete for our market by paying American wages and buying American steel. A modestly protective tariff of $150 per bicycle would have the effect of reshoring most mass-market bicycle production while not materially affecting high-performance, limited-production imported bicycles.

This is how we must rethink our approach to trade policy. Historically, policymakers prioritized foreign market access concessions at the expense of our domestic manufacturing base. Yet, exports represent only a small fraction of the American economy—just about 11 percent of GDP. By contrast, domestic consumption drives nearly 70 percent of our economic activity. To achieve lasting prosperity, we must prioritize policies that encourage producing goods here at home to satisfy domestic demand first and foremost.

Section 232 measures are the most effective tool to safeguard and rebuild vital domestic industries. Unlike traditional trade agreements, which frequently promise uncertain and elusive access to foreign markets, Section 232 tariffs deliver immediate and enforceable protection for American businesses. We should never compromise on these effective measures in exchange for theoretical export opportunities that rarely translate into real economic benefit. When faced with choosing between solid, enforceable domestic protections and speculative foreign market opportunities, the right decision is always clear: invest in America.

The most effective way to build a robust American economy is by investing in our domestic industrial base, ensuring good-paying jobs for our communities, and revitalizing critical manufacturing industries across our heartland. Exports can play a supporting role, but they should never be the cornerstone of our economic strategy.

President Trump's trade policies have made significant strides in reshaping our economic approach—especially by implementing foundational tariffs and prioritizing American workers and industry. But there remains much to do. Now is the moment to strengthen our tariff frameworks, reinforce strategic protections for critical industries, and resist reverting to failed, reciprocal trade agreements that favor uncertain promises over guaranteed domestic growth.

Ultimately, our experience at Guardian Bikes proves that reshoring manufacturing isn't theoretical—it’s achievable, sustainable, and necessary. By investing in American-made products, strengthening public-private partnerships, and ensuring our trade policies prioritize domestic production, we can empower small businesses like mine to lead America’s manufacturing resurgence.

Thank you for the opportunity to share my story.