

July 23, 2018

The Honorable Robert Lighthizer  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20508

**RE: Multi-Industry Association Comments on Proposed Determination of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation (Docket Number: USTR-2018-0018)**

Dear Ambassador Lighthizer:

The undersigned organizations representing U.S. manufacturers, farmers and agribusinesses, retailers, technology companies, importers, exporters, and other supply chain stakeholders are writing in response to the June 20, 2018 *Federal Register* Notice request for comments. As we have stated previously, we agree that China's unfair trade practices and policies must be addressed. However, we are concerned with the continued use of tariffs as a means of leverage against the Chinese. The new proposed tariffs on an additional \$16 billion worth of Chinese imports and the recently announced retaliatory tariffs on another \$200 billion in Chinese goods will harm U.S. companies, workers and consumers.

We welcome the opportunity to submit comments again to evaluate the impact of the proposed tariffs on U.S. companies, farmers, consumers and the economy. We do not believe that tariffs are the right approach to address the serious issues raised in the USTR Section 301 Report on China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation.

The comprehensive report rightly identified the key issues that U.S. businesses face in China. As an alternative to tariffs, we strongly recommend the Administration use the results of the report to consult closely with industry stakeholders and Congress to develop a joint approach to address these longstanding commercial issues within China. We must also work with our allied trading partners who share the same concerns. There are key areas of concern on which all parties can agree to jointly seek changes in Chinese policies. Only through extensive collaboration and alignment can the Administration develop and execute a strategic policy to effectively address our shared issues of critical concern in China. A continued escalation of a trade war will not benefit either country.

In the *Federal Register* Notice, USTR asks whether imposing increased duties on a particular product would be practicable or effective to obtain the elimination of China's acts, policies, and practices. As we noted in our previous submission, the proposed tariffs will be counterproductive and undermine the administration's efforts to change China's policies and practices. USTR also asked whether maintaining or imposing additional duties on a particular product would cause disproportionate economic harm to U.S. interests, including small- or medium-size businesses

and consumers. The answer is yes. Tariffs are taxes that will harm U.S. businesses, farmers, workers and consumers. In addition, acting unilaterally makes American companies targets of retaliation that will result in loss of market share to our trading partners – a disproportionate economic harm.

We continue to believe that imposing wide-ranging tariffs will negatively affect the economic and jobs benefits of the recent tax reform and tax cuts by offsetting those benefits with the costs embedded in the tariffs. Imposing tariffs on Chinese imports will not have the effect that the Administration desires. Instead of inflicting maximum pain on China, tariffs will harm the American economy, worker, and consumer:

- higher prices for American consumers;
- higher costs for American manufacturers;
- decreased demand for American-made products;
- loss of market share to non-American, competitor companies;
- decreased global competitiveness for American exporters; and
- ultimately fewer jobs and less income for American workers.

The ongoing discussion of tariffs on billions of dollars of goods has created great uncertainty across the U.S. business and farm community, depressed commodity prices, and has already harmed U.S. companies, farmers, consumers, and markets. The ongoing escalation by both the U.S. and China will only continue to make this worse.

The continued use of tariffs does not adequately account for the role of the global supply chain in product production and assembly. These complex supply chains can take years to establish, and they cannot be shifted to different countries or facilities without compromising contracts, compliance, quality and value for the consumer. A product marked as originating in China actually reflects manufactured and other inputs coming from the United States and many other countries. Increasing the costs of these inputs will have a negative impact on U.S. manufacturers who rely on those inputs to export finished products across the globe.

We remain concerned about the growing impact to farmers and manufacturers of retaliation from China, as well as our other trading partners. If the goal is to open markets for U.S. goods and services abroad, the use of tariffs goes against that goal.

The escalation of trade tensions with China could result in harm to all our member companies, member farms, their workers, and their consumers. We are no longer in a “trade dispute.” The tit for tat tariffs have now landed us in a trade war that is starting to do real harm to U.S. businesses, workers, farmers and consumers. Tariffs hurt the economy as a whole as well as jobs and consumers in every state. We are witnessing this in the daily stories published in local and national press.

We appreciate the opportunity to submit our organizations’ comments through the *Federal Register* process. We urge the administration to outline fully the strategy to address the long-standing issues in China and how it plans to assess whether tariffs have been an effective tool. The business and agriculture communities stand ready to work with the administration on a clear and concise strategy that will lead to measurable change in China’s unfair trade practices.

The end goal should be a long-term solution that meaningfully addresses the commercial issues in China while promoting the competitiveness of U.S. farmers, manufacturers, workers, consumers, and businesses. Implementation of tariffs only saddles the United States with new costs, lost sales, and lost jobs. We appreciate your consideration of our comments and the views of our members.

Sincerely,

Airforwarders Association  
American Apparel & Footwear Association  
American Association of Exporters and Importers  
American Bakers Association  
American Beverage Association  
American Chemistry Council  
American Farm Bureau Federation  
American Frozen Food Institute  
American Home Furnishings Alliance  
American Lighting Association  
American Petroleum Institute  
American Pyrotechnics Association  
American Rental Association  
American Soybean Association  
Americans for Farmers and Families  
Association For Creative Industries (AFCI)  
Association for Print Technologies  
Association of Equipment Manufacturers (AEM)  
Auto Care Association  
CAWA – Representing the Automotive Parts Industry  
Coalition of Services Industries (CSI)  
Computer & Communications Industry Association  
Computing Technology Industry Association (CompTIA)  
Consumer Healthcare Products Association  
Consumer Technology Association  
Corn Refiners Association  
Distilled Spirits Council  
Electronic Transactions Association  
Farmers for Free Trade  
Footwear Distributors & Retailers of America (FDRA)  
Global Cold Chain Alliance  
Grocery Manufacturers Association  
Hardwood Federation  
Household & Commercial Products Association  
Information Technology Industry Council  
Institute of International Container Lessors, Ltd.  
International Bottled Water Association (IBWA)  
International Foodservice Distributors Association

International Wood Products Association  
Internet Association  
Kentucky Distillers Association  
Motor & Equipment Manufacturers Association  
National Association of Chemical Distributors  
National Association of Foreign Trade Zones  
National Council of Chain Restaurants  
National Fisheries Institute  
National Foreign Trade Council  
National Marine Manufacturers Association  
National Retail Federation  
North American Meat Institute  
Personal Care Products Council  
Petroleum Equipment & Services Association  
Power Tool Institute  
Promotional Products Association International (PPAI)  
Retail Industry Leaders Association (RILA)  
Security Industry Association (SIA)  
SEMI  
Snowsports Industries America  
Society of Chemical Manufacturers & Affiliates  
Software & Information Industry Association (SIIA)  
Telecommunications Industry Association (TIA)  
The Toy Association  
Travel Goods Association  
Truck & Engine Manufacturers Association  
United States Council for International Business  
United States Fashion Industry Association  
US-China Business Council  
U.S. Hide, Skin and Leather Association