

AMERICANS FOR FREE ★ TRADE

March 11, 2020

The Honorable Richard Neal
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Neal and Ranking Member Brady:

The Americans for Free Trade Coalition, a broad alliance of American businesses, trade organizations and workers united against tariffs, respectfully submits this written statement to include in the public record of the Ways and Means Committee hearing on U.S.-China Trade and Competition, which took place on February 27, 2020. We appreciate the Committee holding the hearing on this important matter.

Our coalition represents every part of the U.S. economy including manufacturers, farmers and agribusinesses, retailers, technology companies, service suppliers, natural gas and oil companies, importers, exporters, and other supply chain stakeholders. Collectively, we support tens of millions of American jobs through our vast supply chains.

We agree that our trading partners must abide by global trade rules, but the Administration must also pursue its trade policies in a manner that best serves the American economy. Accordingly, we support the Administration's efforts to address China's unfair trading practices, including intellectual property violations, forced technology transfer, market-distorting subsidies, and more. We also appreciate the progress made by the "Phase One" agreement with China and the lifting of a small number of tariffs on Chinese imports. **Nevertheless, we object to the unconventional and unpredictable methods the Administration has used – and Congress has allowed – to achieve those goals. The Section 301 tariffs have sown uncertainty in the world's economy and mistrust with trading partners. The American economy deserves a better approach.**

First, the "Phase One" deal does not address fundamental concerns with China's industrial policies and massive subsidies that have created overcapacity in the global market and cost American businesses, farmers and consumers jobs and hurt the American economy. Indeed, the U.S. economy grew at its slowest pace last year since the president took office.¹ **Tariffs diminish U.S. negotiating successes, not facilitate them, and we urge the Administration to pursue alternative, more strategic, means of leverage to hold China accountable.**

¹ "U.S. economy grew 2.3 percent in 2019, the slowest of Trump's presidency," The Washington Post (January 30, 2020), available at <https://www.washingtonpost.com/business/2020/01/30/us-economy-grew-23-percent-2019-slowest-trumps-presidency-held-back-by-trade-fears-global-slowdown/>.

Second, tariffs remain in place on \$370 billion in goods, and it is American businesses, farmers and consumers who pay these taxes – not the Chinese. While the suspension of the List 4B tariffs and reduction in the List 4A tariffs were welcome steps, they fall well short of alleviating the burden this Administration has placed on Americans. In fact, Americans paid \$72 billion in duties in fiscal year 2019 – a staggering 73 percent increase over fiscal year 2018.² \$50 billion of this increase is the direct result of the trade war. For U.S. companies importing components or finished products subject to the tariffs, these figures mean higher prices, job losses and reduced investment. These increased tariffs will cost the average American household \$1,277 in 2020³ – nearly eliminating any savings enjoyed as a result of the *Tax Cuts and Jobs Act*.⁴ **We urge Congress to insist that the Administration lift all punitive China tariffs immediately.**

Third, the Section 301 product exclusion process needs significant improvement. There have been numerous reports⁵ about the inconsistency with which the exclusion process has been administered, the opaqueness with which USTR makes decisions on exclusion petitions and the overall sluggishness of the process. **We urge Congress to increase its oversight of the exclusion process and demand that USTR administer the process in a fair, transparent and efficient manner to ensure that it provides meaningful relief for those bearing the brunt of these harmful tariffs.**

Finally, we have attached two documents for your reference: (1) AFT’s Tariff Misery Index, which demonstrates the economic impact that the Section 301 tariffs are having on the U.S. economy; and (2) a list of recent studies on the economic impact of the tariffs.

In summary, we appreciate the progress provided by the “Phase One” deal, but much more needs to be done to secure meaningful structural reforms from China and to remove the tariffs that are hurting Americans. We thank the Committee for holding this hearing and look forward to additional hearings on these critical issues.

Sincerely,

Accessories Council	American Association of Exporters and Importers (AAEI)
ACT The App Association	American Association of Port Authorities
Agriculture Transportation Coalition (AgTC)	American Bridal & Prom Industry Association (ABPIA)
ALMA, International (Association of Loudspeaker Manufacturing and Acoustics)	American Chemistry Council
American Apparel & Footwear Association (AAFA)	American Coatings Association, Inc. (ACA)
	American Down and Feather Council

² CBP Trade and Travel Report, Fiscal Year 2019 , p. 1 (January 2020), available at <https://www.cbp.gov/sites/default/files/assets/documents/2020-Jan/CBP%20FY2019%20Trade%20and%20Travel%20Report.pdf>.

³ The Budget and Economic Outlook: 2020 to 2030, p. 33, Congressional Budget Office, available at <https://www.cbo.gov/publication/56073#:~:text=>.

⁴ “Trump’s tariffs have already wiped out tax bill savings for average Americans,” Bloomberg (June 7, 2019), available at <https://www.bloomberg.com/news/articles/2019-06-07/trump-s-tariffs-have-wiped-out-most-families-tax-cut-gains>.

⁵ See, e.g., “Amid opaque tariff process, questions arise as to why some companies receive exemptions,” NBC News (February 13, 2020), available at <https://www.nbcnews.com/business/business-news/amid-opaque-tariff-process-questions-arise-why-some-companies-receive-n1119071>.

American Fly Fishing Trade Association
 American Home Furnishings Alliance
 American Lighting Association
 American Petroleum Institute
 American Pyrotechnics Association
 American Rental Association
 American Specialty Toy Retailing Association
 American Wind Energy Association
 Arizona Technology Council
 Arkansas Grocers and Retail Merchants
 Association
 Association For Creative Industries
 Association for PRINT Technologies
 Association of American Publishers
 Association of Equipment Manufacturers
 (AEM)
 Association of Home Appliance Manufacturers
 Auto Care Association
 Beer Institute
 BSA | The Software Alliance
 Business & Institutional Furniture
 Manufacturers Association (BIFMA)
 California Retailers Association
 Can Manufacturers Institute
 Carolina Loggers Association
 Chemical Industry Council of Delaware
 (CICD)
 Coalition of New England Companies for
 Trade (CONNECT)
 Coalition of Services Industries (CSI)
 Colorado Retail Council
 Columbia River Customs Brokers and
 Forwarders Assn.
 Computer & Communications Industry
 Association (CCIA)
 Computing Technology Industry Association
 (CompTIA)
 Consumer Brands Association
 Consumer Technology Association
 Council of Fashion Designers of America
 (CFDA)
 CropLife America
 Customs Brokers & Freight Forwarders Assn.
 of Washington State
 Customs Brokers & Freight Forwarders of
 Northern California
 Electronic Transactions Association
 Fashion Accessories Shippers Association
 (FASA)
 Fashion Jewelry & Accessories Trade Association
 Flexible Packaging Association
 Florida Ports Council
 Florida Retail Federation
 Footwear Distributors and Retailers of America (FDRA)
 Fragrance Creators Association
 Game Manufacturers Association
 Gemini Shippers Association
 Georgia Retailers
 Global Chamber®
 Global Cold Chain Alliance
 Greeting Card Association
 Halloween Industry Association
 Hobby Manufacturers Association
 Home Fashion Products Association
 Home Furnishings Association
 Household and Commercial Products Association
 Idaho Retailers Association
 Illinois Retail Merchants Association
 Independent Office Products & Furniture
 Dealers Association (IOPFDA)
 Indiana Retail Council
 Information Technology Industry Council (ITI)
 International Foodservice Distributors Association
 International Housewares Association
 International Precious Metals Institute
 International Warehouse and Logistics Association
 International Wood Products Association
 Internet Association
 ISSA - The Worldwide Cleaning Industry Association
 Juice Products Association (JPA)
 Juvenile Products Manufacturers Association
 Licensing Industry Merchandisers' Association
 Los Angeles Customs Brokers and Freight
 Forwarders Assn.
 Louisiana Retailers Association
 Maine Grocers & Food Producers Association
 Maine Lobster Dealers' Association
 Maritime Exchange for the Delaware River and Bay
 Maryland Retailers Association
 Methanol Institute
 Michigan Chemistry Council
 Michigan Retailers Association
 Minnesota Retailers Association
 Missouri Retailers Association
 Motor & Equipment Manufacturers Association
 NAPIM (National Association of Printing Ink
 Manufacturers)

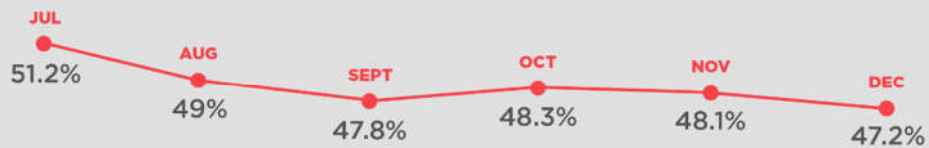
National Association of Chain Drug Stores (NACDS)	Plumbing Manufacturers International
National Association of Chemical Distributors (NACD)	Power Tool Institute (PTI)
National Association of Foreign-Trade Zones (NAFTZ)	Precious Metals Association of North America (PMANA)
National Association of Home Builders	Promotional Products Association International
National Association of Music Merchants	Recreational Off-Highway Vehicle Association
National Association of Printing Ink Manufacturers	Retail Association of Maine
National Association of Trailer Manufacturers (NATM)	Retail Council of New York State
National Council of Chain Restaurants	Retail Industry Leaders Association
National Customs Brokers and Freight Forwarders Association of America	Retailers Association of Massachusetts
National Fisheries Institute	RISE (Responsible Industry for a Sound Environment)
National Foreign Trade Council	San Diego Customs Brokers and Forwarders Assn.
National Grocers Association	SEMI
National Lumber and Building Material Dealers Association	Snowsports Industries America
National Marine Manufacturers Association	Society of Chemical Manufacturers & Affiliates
National Restaurant Association	Software & Information Industry Association (SIIA)
National Retail Federation	South Dakota Retailers Association
National Ski & Snowboard Retailers Association	Specialty Equipment Market Association
National Sporting Goods Association	Sports & Fitness Industry Association
Natural Products Association	TechNet
New Jersey Retail Merchants Association	Telecommunications Industry Association (TIA)
North American Association of Uniform Manufacturers and Distributors (NAUMD)	Texas Retailers Association
North Carolina Retail Merchants Association	Texas Water Infrastructure Network
Ohio Council of Retail Merchants	The Airforwarders Association
Outdoor Industry Association	The Fertilizer Institute
Pacific Coast Council of Customs Brokers and Freight Forwarders Assns. Inc.	The Hardwood Federation
Pennsylvania Retailers' Association	The Toy Association
PeopleforBikes	Travel Goods Association
Personal Care Products Council	Truck & Engine Manufacturers Association (EMA)
Pet Industry Joint Advisory Council	U.S. Hide, Skin and Leather Association
Petroleum Equipment & Services Association	United States Council for International Business
	United States Fashion Industry Association
	US Global Value Chain Coalition
	US-China Business Council
	Virginia Retail Merchants Association
	Virginia-DC District Export Council (VA-DC DEC)
	Washington Retail Association
	Window and Door Manufacturers Association
	World Pet Association, Inc. (WPA)

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TARIFF MISERY IMPACT

Tariffs have **cost Americans**
\$50 BILLION
since the trade war began

\$1,277
Cost of trade war to
average American family



Manufacturing has contracted **5 months in a row**,
leading to higher prices and less jobs

0%
of tariffs are
paid for by China

Farmer bankruptcies have **surged**
24%

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Recent Studies on Economic Impact of Tariffs

1. January 2020, National Bureau of Economic Research: [Who's Paying for the US Tariffs? A Longer-Term Perspective](#); Mary Amiti, Stephen J. Redding, David E. Weinstein
2. January 2020, National Bureau of Economic Research: [Rising Import Tariffs, Falling Export Growth: When Modern Supply Chains Meet Old-Style Protectionism](#); Kyle Handley, Fariha Kamal, Ryan Monarch
3. January 2020, Congressional Budget Office: [The Budget and Economic Outlook 2020 to 2030](#)
4. December 2019, Federal Reserve Board: [Disentangling the Effects of the 2018-2019 Tariffs on a Globally Connected U.S. Manufacturing Sector](#); Aaron Flaaen and Justin Pierce
5. October 2019, Revised December 2019, National Bureau of Economic Research: [The Consumption Response to Trade Shocks: Evidence from the US-China Trade War](#); Michael E. Waugh
6. October 2019, National Bureau of Economic Research: [Tariff Passthrough at the Border and at the Store: Evidence from US Trade Policy](#); Alberto Cavallo, Gita Gopinath, Brent Neiman, Jenny Tang
7. March 2019, Revised October 2019, National Bureau of Economic Research: [The Return to Protectionism](#); Pablo D. Fajgelbaum, Pinelopi K. Goldberg, Patrick J. Kennedy, Amit K. Khandelwal
8. March 2019, National Bureau of Economic Research: [The Impact of the 2018 Trade War on U.S. Prices and Welfare](#); Mary Amiti, Stephen J. Redding, David E. Weinstein
9. February 2019, The Trade Partnership, LLC: [Estimated Impacts of Tariffs on the U.S. Economy and Workers](#), Laura Baughman
10. December 2018, National Bureau of Economic Research: [Macroeconomic Consequences of Tariffs](#); Davide Furceri, Swarnali A. Hannan, Jonathan D. Ostry, Andrew K. Rose