

AMERICANS FOR FREE ★ TRADE

April 15, 2024

The Honorable Ron Wyden
Chairman
Senate Finance Committee
Washington, DC 20510

The Honorable Mike Crapo
Ranking Member
Senate Finance Committee
Washington, DC 20510

The Honorable Jason Smith
Chairman
House Ways & Means Committee
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
House Ways & Means Committee
Washington, DC 20515

RE: Statement for the Hearing Record: The President's 2024 Trade Policy Agenda

Dear Chairman Wyden, Ranking Member Crapo, Chairman Smith, and Ranking Member Neal,

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 Senate Finance Committee and House Ways & Means Committee's ("the Committees") 2024 Trade Policy Agenda hearings scheduled for April 16 and 17. We appreciate the Committees holding hearings on this important matter.

By way of background, [Americans for Free Trade](#) represents every part of the U.S. economy including manufacturers, farmers and agribusinesses, powersports, retailers, technology companies, service suppliers, natural gas and oil companies, importers, exporters, and other supply chain stakeholders. Collectively, we employ tens of millions of Americans through our vast supply chains.

For more than five years, AFT has called for an end to the China 301 tariffs which have had a disproportionate economic impact on American companies, workers, and consumers. These tariffs have also failed to achieve their stated objective which was to change China's use of unfair trade practices relating to intellectual property rights, forced technology transfers, and innovation. We have repeatedly called for the administration to find a new path forward to address the ongoing China trade issues, without a response. We continue to believe that it is well past time for a strategic realignment of the tariffs to focus on the original intent of the Section 301 investigation and seek alternate measures to achieve the necessary changes in China's behavior.

Unfortunately, we have seen no change in the Biden-Harris administration's position or communication regarding the tariffs since the last time the committee held this hearing in 2023.

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The statement¹ that we submitted for those hearings remains true today. The only difference is that importers have paid close to \$40 billion more in the Section 301 tariffs. As of today, importers have paid more than **\$211 billion**² in Section 301 tariffs on covered products imported from China, according to U.S. Customs and Border Protection (CBP). These taxes continue to create tremendous uncertainty, increase the cost of doing business in the United States, and place a financial burden on American businesses – negatively impacting their ability to invest in their companies, hire more American workers, innovate new technologies, and remain competitive globally. The tariffs also have an impact on consumers. While many companies have tried to absorb the costs of the tariffs, many have had to share the costs with final consumers.

I. Lack of USTR Response and Timely Communications

AFT has continuously sent communications to the Office of the U.S. Trade Representative (USTR) regarding both the release of the four-year necessity review as well as calls to renew expiring exclusions and to reopen a more fulsome exclusion process. Each of those communications has gone unanswered.

Our most recent letters sent in July 2023³ and December 2023⁴ urged USTR to quickly renew expiring exclusions, as well as call for an immediate release of the results of the four-year review. The lack of urgency for USTR to renew the expiring exclusions has been concerning. Each time USTR has renewed the exclusions, importers have been guessing until the last minute whether they will have to pay the tariffs on products that have already been bought and paid for under contract.

For the most recent extension of the COVID-19 and small batch exclusions at the end of December 2023, USTR did not provide CBP enough time to program its system (the Automated Commercial Environment or ACE) to note that the exclusions had been extended. This resulted in importers having to pay duties on products imported into the United States for several days and then subsequently file for a duty refund – creating additional administrative burdens for both the importers as well as CBP. USTR must improve the product exclusion renewal process so that both importers and CBP are provided with more advanced notice about the status of the exclusions.

¹ <https://americansforfreetrade.com/wp-content/uploads/2023/04/AFT-Trade-Policy-2023-Statement-for-SFC-HWM-Hearing-Record-Final-040623-1.pdf>

² CBP Trade Statistics - <https://www.cbp.gov/newsroom/stats/trade>

³ AFT Letter to USTR – Extension of Section 301 China Tariffs Exclusions - <https://americansforfreetrade.com/wp-content/uploads/2023/07/AFT-Letter-to-USTR-Tariff-Exclusion-Renewal-Final-072723.pdf>, July 27, 2023

⁴ AFT Letter to USTR – Four Year Review and Exclusions - <https://americansforfreetrade.com/wp-content/uploads/2023/12/AFT-Letter-to-USTR-Tariff-Exclusion-Renewal-Four-Year-Review-Final-Updated-121123.pdf>, December 11, 2023

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As AFT communicated with the committees in a December 2023 [letter](#)⁵, “*USTR has taken over a year and half to conduct the review, which has exacerbated the uncertainty around the future of the tariffs.*” The letter concluded, “*As economic uncertainty continues, it is imperative that Congress reclaim its constitutional authority over trade and conduct rigorous oversight over USTR to ensure it is using its tools appropriately to create economic opportunity for all Americans and to ensure that American businesses can compete globally.*” We continue to renew that call upon Congress to reclaim its tariff authority.

II. 301 Tariffs’ Impacts on American Businesses and Consumers

From the onset of the tariffs, AFT has stated that American companies, not Chinese companies, bear the economic brunt of the tariffs. Those who argue otherwise are simply ignoring reality. As a reminder, this fact was confirmed by the non-partisan, independent U.S. International Trade Commission (USITC) last year in its recent report entitled “*Certain Effects of Section 232 and 301 Tariffs Reduced Imports and Increased Prices and Production in Many U.S. Industries*”⁶. The report states: “*U.S. importers bore nearly the full cost of these tariffs because import prices increased at the same rate as the tariffs. The USITC estimated that prices increased by about 1 percent for each 1 percent increase in the tariffs under sections 232 and 301.*”

As part of the 301 four-year review, AFT [submitted comments](#)⁷ to USTR with feedback from our coalition partners regarding the negative impacts that the tariffs have had on their businesses, workers and consumers.

In general, our comments concluded that:

- 1) **The tariffs make U.S. manufacturers less competitive.** While protecting domestic manufacturing was never the stated purpose of the section 301 tariffs, they have been harmful to manufacturers by taxing inputs they need to produce more products domestically. Many of these companies are not able to find alternate markets to purchase their inputs, even from U.S. manufacturers. The section 301 tariffs have harmed, and continue to harm, U.S. manufacturers and make them less competitive vis-à-vis their competitors and China. They should be lifted immediately.
- 2) **Tariffs increase costs for American consumers and contribute to inflation.** Despite what the proponents of the tariffs say, the tariffs do have a very real impact on inflation when they artificially cause prices to remain high. While there are various contributing

⁵ AFT Letter to Congress Urging USTR to Promptly Conclude Section 301 Four-Year Review and Extend Expiring Exclusions - <https://americansforfreetrade.com/wp-content/uploads/2023/12/AFT-Section-301-Tariff-Letter-to-Big-Four-HWM-SFC-Final-Update-122023.pdf>, December 20, 2023

⁶ Economic Impact of Section 232 and 301 Tariffs on U.S. Industries – <https://www.usitc.gov/publications/332/pub5405.pdf>, March 15, 2023

⁷ AFT Comments to USTR on Four Year Review - <https://americansforfreetrade.com/wp-content/uploads/2024/04/AFT-USTR-301-Review-Comments-011723-Final.pdf>

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factors to inflation, lifting tariffs is one of the few tools that the administration could utilize to bring down inflation. Time and again, we have heard from businesses of all kinds that they were forced to pass along the increased costs associated with the section 301 tariffs directly to their customers.

- 3) Tariffs disproportionately harm low-income American families.** Tariffs harm American families by raising prices on consumer products, and this is felt most acutely by low-income families. A [report](#)⁸ by the Progressive Policy Institute found that tariffs on consumer goods are discriminatory and regressive because low-income Americans are disproportionately impacted by these tariffs, especially single-parent families and people of color. Our coalition partners agree with the report and witness the impact the tariffs have on their customers.

III. China Strategy Moving Forward

As we have asked previously, members of Congress must call upon the Biden-Harris administration to provide a clear and transparent China trade strategy. Such a strategy has yet to be delivered. We know that this strategy goes well beyond the China 301 tariffs, but we believe addressing the tariff issues and China's unfair trade practices associated with them are important for the reasons we discussed above.

As a near-term path forward, with regards to the tariffs specifically, AFT urges the following:

- 1) Realign the Section 301 Tariffs** – Through the strategic four-year review process, the administration must strategically realign the tariffs away from consumer goods and manufacturing inputs and equipment that are currently unavailable in sufficient quantities from sources other than China. These tariffs harm American companies and consumers and are not related to China's Made in 2025 program or critical sectors. The realignment should provide the opportunity for the administration to refocus the tariffs and create better leverage to achieve changes in China's unfair trade practices regarding forced technology transfer and intellectual property theft. As part of this realignment, USTR should also include a new, fair, predictable, and transparent exclusion process available to all products subject to the 301 tariffs to ensure that American companies are not unduly harmed.
- 2) Use Targeted Tools to Hold Bad Actors Accountable** – There has been ongoing discussion about what tools other than tariffs can be used to achieve success regarding China's trade practices. USTR has discussed other "tools in the toolbox" and potentially the development of "new tools" but has stopped short of articulating what those might be. We believe these discussions are incredibly important and need to continue, with

⁸ Progressive Policy Institute Report - [Trade Policy, Equity, and the Working Poor: United States MFN Tariffs are Regressive Taxes Which Help Few Workers and Harm Many](#) (4/19/22)

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stakeholder input. We need to find the right set of tools that address China's unfair trade practices in a targeted way without causing disproportionate economic harm to American businesses, workers, and consumers.

- 3) **Support U.S. Supply Chain Resiliency and Competitiveness by Partnering with Allies** – AFT continues to call upon the administration to work with allies to address China's unfair trade practices. This includes work at the G-20, G-7, World Trade Organization, the Asia-Pacific Economic Cooperation (APEC) forum, and other multilateral and regional institutions. The U.S. can be much more effective in addressing China's unfair trade practices by working in concert with allies.
- 4) **Support Efforts on Supply Chain Diversification** – Congress and the Biden-Harris administration should support the U.S. business community's efforts to further diversify supply chains. This includes developing an offensive trade agenda that supports supply chain diversification and ensures the U.S. does not cede global economic influence and international rulemaking to China. This should include seeking new free trade agreements with our allies that include tariffs and market access considerations. Congress should also quickly act to retroactively renew expired trade preference programs including the Generalized System of Preferences (GSP), which provide sourcing alternatives to China, as well as the Miscellaneous Tariff Program (MTB), which provides temporary duty benefits for U.S. manufacturers and businesses.

IV. Conclusion

We appreciate the Committees' continued focus on ensuring that U.S. trade policy advances American values and boosts U.S. competitiveness. The Committees must continue to weigh in with the Biden-Harris administration to ensure that destructive tariffs are lifted and that a new and more effective approach to addressing China's unfair trading practices is adopted.

We thank the Committees for holding this year's trade agenda hearings and look forward to continuing to work with you.

Sincerely,

Accessories Council
ACT | The App Association
Agriculture Transportation Coalition (AgTC)
Alliance for Chemical Distribution (ACD)
ALMA, International (Association of
Loudspeaker Manufacturing and Acoustics)
American Apparel & Footwear Association
(AAFA)

American Association of Exporters and
Importers (AAEI)
American Association of Port Authorities
American Bakers Association
American Bridal & Prom Industry Association (ABPIA)
American Clean Power Association
American Coatings Association, Inc. (ACA)
American Down and Feather Council
American Fly Fishing Trade Association

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American Home Furnishings Alliance
American Lighting Association
American Petroleum Institute
American Pyrotechnics Association
American Rental Association
American Seed Trade Association
American Specialty Toy Retailing Association
American Trucking 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
Bay Area Council
Beer Institute
Building Service Contractors Association International (BSCAI)
Business Alliance for Customs Modernization
California Retailers 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)
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
Energy Workforce & Technology Council
Experiential Designers and Producers Association
Exhibitions & Conferences Alliance
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 Business Alliance
Global Chamber®
Global Cold Chain Alliance
Greeting Card Association
Halloween & Costume Association (HCA)
Home Fashion Products Association
Home Furnishings Association
Household and Commercial Products Association
Housing Affordability Coalition
Idaho Retailers Association
Illinois Retail Merchants Association
Independent Office Products & Furniture Dealers Association (IOPFDA)
Indiana Retail Council
Information Technology Industry Council (ITI)
International Bottled Water Association (IBWA)
International Foodservice Distributors Association
International Housewares Association
International Warehouse and Logistics Association
International Wood Products Association
ISSA - The Worldwide Cleaning Industry Association
Juice Products Association (JPA)
Juvenile Products Manufacturers Association
Leather and Hide Council of America
Licensing Industry Merchandisers' Association
Los Angeles Customs Brokers and Freight Forwarders Assn.
Louisiana Retailers Association
Maine Grocers & Food Producers Association

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Maine Lobster Dealers' Association
Maritime Exchange for the Delaware River and Bay
Maryland Retailers Association
MEMA, The Vehicle Suppliers Association
Michigan Chemistry Council
Michigan Retailers Association
Minnesota Retailers Association
Missouri Retailers Association
Motorcycle Industry Council
NAPIM (National Association of Printing Ink Manufacturers)
National Association of Chain Drug Stores (NACDS)
National Association of Foreign-Trade Zones (NAFTZ)
National Association of Home Builders
National Association of Music Merchants
National Association of Trailer Manufacturers (NATM)
National Confectioners Association
National Council of Chain Restaurants
National Electrical Manufacturers Association (NEMA)
National Fisheries Institute
National Foreign Trade Council
National Grocers Association
National Industrial Transportation League (NITL)
National Lumber and Building Material Dealers Association
National Marine Manufacturers Association
National Pork Producers Council
National Restaurant Association
National Retail Federation
National Ski & Snowboard Retailers Association
National Sporting Goods Association
Natural Products Association
New Jersey Retail Merchants Association
North American Association of Food Equipment Manufacturers (NAFEM)
North American Association of Uniform Manufacturers and Distributors (NAUMD)
North Carolina Retail Merchants Association
Ohio Council of Retail Merchants
Outdoor Industry Association
Pacific Coast Council of Customs Brokers and Freight Forwarders Assns. Inc.
Pennsylvania Retailers' Association
PeopleforBikes
Personal Care Products Council
Pet Food Institute
Pet Advocacy Network
Plumbing Manufacturers International
Power Tool Institute (PTI)
PRINTING United Alliance
Promotional Products Association International
Recreational Off-Highway Vehicle Association
Retail Association of Maine
Retail Council of New York State
Retail Industry Leaders Association
Retailers Association of Massachusetts
RISE (Responsible Industry for a Sound Environment)
RV Industry Association
San Diego Customs Brokers and Forwarders Assn.
Semiconductor Industry Association (SIA)
Snowsports Industries America
Software & Information Industry Association (SIIA)
South Dakota Retailers Association
Specialty Equipment Market Association
Specialty Vehicle Institute of America
Sports & Fitness Industry Association
TechNet
Technology Trade Regulation Alliance (TTRA)
Telecommunications Industry Association (TIA)
Texas Retailers Association
Texas Water Infrastructure Network
The Airforwarders Association
The Fertilizer Institute
The Hardwood Federation
Toy Association
Travel Goods Association
Truck & Engine Manufacturers Association (EMA)

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United States Council for International
Business

United States Fashion Industry Association

US Global Value Chain Coalition

US-China Business Council

Vinyl Institute

Virginia Association of Chain Drug Stores

Virginia Retail Federation

Virginia-DC District Export Council (VA-DC DEC)

Washington Retail Association

Water Quality Association

Window and Door Manufacturers Association

World Pet Association, Inc. (WPA)