



RETAIL INDUSTRY LEADERS ASSOCIATION

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November 15, 2021

Via Online Submission

The Honorable Katherine Tai
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20006

Re: Request for Comments on the Possible Reinstatement of Certain Exclusions in the Section 301 Investigation of China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation (USTR-2021-22062)

Dear Ambassador Tai,

The Retail Industry Leaders Association (RILA) appreciates the opportunity to comment on the Request for Comments on the Possible Reinstatement of Certain Exclusions issued by the Office of the United States Trade Representative (USTR) on October 12, 2021. Below we detail the impact of the Section 301 tariffs on the country's leading retailers in light of the ongoing COVID-19 pandemic and supply chain crisis. Tariffs are exacerbating the decreased accessibility and increased costs of goods that are daily staples in the lives of Americans.

RILA is the trade association of the world's largest, most innovative and recognizable retail companies and brands. We convene decision-makers, advocate for the industry, and promote operational excellence and innovation. Our aim is to elevate a dynamic industry by transforming the environment in which retailers operate. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs, and more than 100,000 stores, manufacturing facilities, and distribution centers domestically and abroad. RILA's membership includes some of the largest importers in the U.S.

RILA supports the Administration's efforts to hold our trading partners accountable and using targeted trade remedies against intellectual property theft, illegal dumping or subsidies, and other proven trade violations consistent with international rules. However, we remain opposed to the use of tariffs, more specifically tariffs on consumer products, as a method to gain leverage over another country.

We appreciate the Administration's willingness to reinstate a product exclusions process for previously extended exclusions. We also appreciate the Administration's acknowledgement that certain Section 301 tariffs have not generated any strategic benefits and instead raised costs on



Americans. We agree with Secretary Yellen's statements that "tariffs are taxes on consumers"¹ and a lowering of tariffs could ease inflation².

The tariffs that remain in place on upwards of \$300 billion in goods, are being paid for by American businesses, workers, and consumers. In granting these exclusions originally, the Administration has already deemed that these products cannot be sufficiently sourced outside of China and that domestic markets are not able to produce the necessary quantities to meet U.S. consumer demand. The availability to source these or comparable products at the same level of quality, safety standards, and production capacity from sources within the United States and/or in third countries has not changed since these exclusions were first granted. However, since that time, global supply chains have continued to be upended by the COVID-19 pandemic, creating uncertainty and cost increases for companies trying to source essential products around the world.

Alternative sourcing outside of China in an expedited time frame is risky, time consuming and costly, especially in the continuing pandemic environment. Allowing these exclusions to remain expired would create immense supply chain uncertainty. But retailers need supply chain simplicity now more than ever to allow them to continue to provide Americans with access to the items they depend on for their health, safety, and comfort. Not reinstating exclusions for these products would simply maintain an artificial and unnecessary contributor to inflationary pressures in the U.S. economy, while imposing a barrier to companies seeking to establish diversified supply chain strategies that allow for resourcing when needed to manage fluid consumer demand, tight supply conditions, and unpredictable supply chain disruptions.

Tariffs are a tax on goods, and they make vital products more expensive for American businesses, consumers, and workers. Tariffs also force cash-strapped companies to pay the federal government billions of dollars that could instead be going towards preserving jobs, paying suppliers and fixed costs. Tariffs also deplete companies' capital that can be used to invest in alternative sourcing outside of China. Long-term reinstatement of exclusions is critical to business certainty and planning, without which any relief the Administration provides will not actually translate into supply chain alleviation and cost benefits to the U.S. economy.

In conclusion, we strongly urge the Administration to reinstate the previously extended exclusions and open up the process for all expired exclusions as tariffs on consumer products harm American businesses, workers, and consumers during an unparalleled crisis. Now more than ever, Americans need efficient access to critical products at an affordable price. Lifting the tariffs is a simple and effective way to make goods more accessible and affordable for American

¹ Bradsher, Keith and Rappeport, Alan, "Yellen Says China Trade Deal Has 'Hurt American Consumers,'" *The New York Times* (July 16, 2021)

² Shalal, Andrea, "Yellen says reciprocal lowering of tariffs could help ease inflation," *Reuters* (Nov. 1, 2021)



consumers. We thank the USTR for giving us the opportunity to provide insight on behalf of our membership.

Sincerely,

A handwritten signature in blue ink, appearing to read "Austen Jensen".

Austen Jensen
Senior Vice President, Government Affairs
Retail Industry Leaders Association

