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Testimony of Mrs. Blake Harden
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on behalf of the Retail Industry Leaders Association (RILA)

“Promoting Supply Chain Resilience”
USTR Virtual Hearing (Docket No. USTR-2024-0002)
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On behalf of the Retail Industry Leaders Association (“RILA”), thank you for the opportunity to provide the retail industry’s perspective on how USTR can leverage trade policy to promote supply chain resilience.

My name is Blake Harden, and I am the Vice President for International Trade at RILA.

RILA is the U.S. trade association for leading retailers. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$2.7 trillion in annual sales, millions of American jobs, and hundreds of thousands of stores, manufacturing facilities, and distribution centers domestically and abroad.

RILA and our members support the Biden-Harris Administration’s efforts to craft a trade policy that fosters resilient supply chains and benefits all Americans. However, we strongly disagree with the premise that U.S. trade and investment policy over the last several decades were specifically designed primarily to drive short-term cost efficiency and have led to “a race to the bottom.”

In its *2024 Economic Report of the President*, the Council of Economic Advisors noted “well-documented gains from trade and cross-border investment flows. The benefits of global integration include lower inflation, a greater variety of goods and services, more innovation, higher productivity, good jobs for American workers in exporting sectors, foreign direct investment in U.S. industries, and a higher likelihood of achieving our climate goals.”

Moreover, a 2021 joint association study entitled “Imports Work for American Workers” found that “[i]mports support more than 21 million net American jobs.” The study found that these “jobs are often good jobs” that “pay good wages and provide employment to millions of workers.” This same study cautioned that changes to U.S. trade policies “that impose new barriers to imports would have a negative impact on import-related jobs.”

Given the well documented benefits of global trade for the United States, we urge USTR to embrace past trade policies that have yielded enormous growth and opportunity for Americans and evolve those policies to meet today’s challenges.

With this in mind, we recommend USTR take the following steps to promote greater supply chain resilience.

First, we urge USTR to negotiate new trade agreements that lower tariff and non-tariff barriers. Coupled with robust enforcement mechanisms to ensure that trading partners abide by their commitments, trade agreements encourage resilient supply chains and raise standards with countries who share our values – setting a gold standard for other countries to follow.

The U.S.-Mexico-Canada Agreement (USMCA) is the prime example of how Trade agreements can promote stronger supply chains through alignment with like-minded partners across a variety of disciplines, including strong labor and environmental protections. The USMCA’s novel Rapid Response Mechanism and dispute settlement provisions help ensure that Canada and Mexico abide by their commitments – all of which create a more level playing field for American workers and businesses. These ambitious standards cannot be replicated without market access incentives for partner countries.

With other countries, including China, actively pursuing new trade agreements, it is essential that the U.S. reclaim its leadership role in negotiating comprehensive trade agreements that tackle tariff and non-tariff barriers and raise standards so that American companies and workers can compete.

Second, we urge USTR to leverage flexibility in existing trade agreements to help drive growth, investment, and more resilient supply chains. For example, the CAFTA-DR includes a short supply mechanism that allows petitioners to get access

to third country fibers, yarns, and fabrics when an administrative process finds that the requested input is not available in commercial quantities in the parties to the agreement. Better processes and utilization of the short supply process would help drive more and diversified sourcing in the Western Hemisphere and help grow production for *all* stakeholders in the region.

Third, we urge the administration to take steps that support sustainable supply chains by examining the Harmonized Tariff Schedule (HTS) to identify where lower duties could promote greater use of sustainable products such as recycled content or safer chemicals. We also encourage USTR to work with trading partners to develop and align green trade processes, procedures, and incentives. Creating different systems with diverging rules would increase the costs of compliance for companies and diminish the value of incentives to create more sustainable supply chains.

Fourth, we caution against adopting policies that create too much dependency on domestic production. Resilient supply chains are diverse supply chains, and dependency on any one source – including a domestic source – creates supply chain risks. I can speak from personal experience as a mom whose infant son was exclusively formula-fed during the infant formula shortage that a supply chain which relies predominantly or exclusively on U.S. production is no more resilient than one that relies exclusively on China.

Finally, we urge USTR to abandon harmful section 301 tariffs on consumer goods, which have failed to alter China's behavior. Tariffs are taxes paid by American businesses and consumers – not China. Tariffs are also regressive and disproportionately impact lower-income Americans – negatively impacting their paychecks. We urge USTR to reconsider the imposition of harmful tariffs on consumer goods.

Thank you for the opportunity to testify today. I look forward to your questions.

