June 30, 2021

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader
U.S. House of Representatives
Washington, DC 20510

RE: House Action on USICA, Section 301 Product Exclusions Process

Dear Speaker Pelosi and Leader McCarthy,

On behalf of the undersigned members of Americans for Free Trade, we are writing to express strong support for elements of the Trade Act of 2021 that were included in the U.S. Innovation and Competition Act (S. 1260) recently passed by the Senate. As the House considers how to proceed on USICA, we believe it is critical that the House join the Senate in passing legislation that includes the Trade Act of 2021, especially Section 73001, to reinvigorate the exclusion process administered by the Office of the U.S. Trade Representative (USTR) for products subject to additional tariffs under Section 301 of the Trade Act of 1974.

By way of background, Americans for Free Trade 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 employ tens of millions of Americans through our vast supply chains.

As companies in the U.S. continue to recover from the global pandemic, we continue to call upon the administration to resolve the ongoing trade war with China. To date, U.S. Customs and Border Protection has collected over $92 billion dollars in tariffs from U.S. companies who import products from China. These taxes increase the cost of doing business in the United States and risk exacerbating increasing concerns regarding inflation. They are a financial burden on U.S. businesses – negatively impacting their ability to invest in their companies, hire more American workers, and remain competitive globally.

While we continue calling for an end to the trade war and elimination of the additional tariffs on U.S. companies as well as China’s retaliatory tariffs, we believe reinstituting the section 301 exclusion process is critical to helping U.S. businesses. According to a recent Moody’s Investor Service Report, the tariffs “hit American businesses and consumers hardest,” with China absorbing only 7.6 percent of the tariffs “while the rest of the tab was picked up by Americans.”
Section 73001 of USICA would alleviate the economic burden on American businesses and consumers by immediately reinstating product exclusions that expired throughout 2020 – in the middle of the pandemic and economic recession – through December 31, 2022. It would also require USTR to implement a new product exclusion process and outlines specific criteria for USTR to consider in determining whether to grant an exclusion. Under these criteria, the exclusion process will function in a fair, consistent, and transparent manner and ensure that American businesses do not suffer disproportionate economic harm as a result of the tariffs.

USTR has thus far failed to act unilaterally – as Section 301 authorizes it to do – to reinstate expired product exclusions or reinvigorate the product exclusion process, it is essential the Congress act. Further, it appears that USTR may wait until its ongoing China trade policy review concludes before taking up this issue at all. That means that businesses in urgent need of relief right now will not get it for months. For these reasons, we urge the House to include the Trade Act of 2021 and especially Section 73001, with technical corrections as needed, in any appropriate upcoming legislative vehicles.

We look forward to working with Congress and the Administration to address the ongoing negative impact of the tariffs on American businesses, American workers, and American consumers by fully lifting the Section 301 tariffs. In the interim, reinstating a fair and transparent exclusion process in the interim will provide a targeted relief mechanism that will help U.S. businesses recover from the economic recession and continue to invest in their businesses and workers here at home.

Thank you for your consideration.

Sincerely,

Accessories Council
ACT | The App Association
Agriculture Transportation Coalition (AgTC)
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 Chemistry Council
American Down and Feather Council
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
California Bottled Water Association
California Retailers Association
Can Manufacturers Institute
Carolina Loggers Association
Central States Bottled Water Association
Chemical Industry Council of Delaware (CICD)
Coalition of New England Companies for Trade (CONECT)
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
Experiential Designers and Producers 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 Business Alliance
Global Chamber®
Global Cold Chain Alliance
Greeting Card Association
Halloween Industry 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 Association of Amusement Parks and Attractions (IAAPA)
International Bottled Water Association (IBWA)
International Foodservice Distributors Association
International Housewares Association
International Warehouse and Logistics Association
International Wood Products Association
Internet Association
ISSA - The Worldwide Cleaning Industry Association
Jeweler's Vigilance Committee
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
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
Motorcycle Industry Council
NAPIM (National Association of Printing Ink Manufacturers)
National Association of Chain Drug Stores (NACDS)
National Association of Chemical Distributors (NACD)
National Association of Foreign-Trade Zones (NAFTZ)
National Association of Home Builders
National Association of Music Merchants
National Association of Printing Ink Manufacturers
National Association of Trailer Manufacturers (NATM)
National Confectioners Association
National Council of Chain Restaurants
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