September 26, 2018

The Honorable Robert Lighthizer
United States Trade Representative
600 17th Street NW
Washington, DC 20508

RE: Section 301 List 3 Tariffs Exclusion Process Request

Dear Mr. Ambassador:

On behalf of the Americans for Free Trade, we are writing to request that the Administration include an exclusion process for the recently announced 10 percent tariffs on close to $200 billion worth of imports from China (List 3). We appreciate that USTR included such processes for the List 1 and List 2 tariffs. Many of the groups listed below previously wrote to you in August with recommendations for the previous exclusion processes. We strongly believe that the exclusion process should continue for this latest round of tariffs which encompass a wider swath of covered HTS lines. It is even more important since the tariffs will escalate to 25 percent on January 1, 2019.

As USTR and the 301 interagency committee heard during the six-day List 3 hearing from over 350 witnesses and in the over 6,000 submissions to the docket, businesses and industries across the board are concerned about the impact that the tariffs will have on their operations, workers, and customers. It can take months, if not years, for companies to successfully shift their supply chains to find new vendors who meet all of their requirements to produce safe, quality, and compliant products under socially responsible conditions. This assumes that such a vendor exists and can produce the required products or components at an equal capacity, quality, and similar price.

The latest round of tariffs also provides U.S. companies with very little time to properly plan to rework their supply chains as the tariffs took effect six days after the final list was announced. While we appreciate that USTR removed some items from the final list, there are many, many other products, especially at the 10-digit Harmonized Tariff System level that should be considered for an exclusion. In fact, USTR demonstrated this very need when it removed some products at the 10-digit level. In addition, where relief was partially granted under some HTS codes, there are cases where essentially the same product was not granted a similar exemption, creating a situation of more favorable treatment for some business within the same industry producing the same items.
Testimony and submissions to the List 3 docket repeatedly noted that the products included on List 3 have nothing to do with the original 301 investigation which focused on China’s practices regarding forced technology transfer and unfair trade practices. While there is widespread agreement that these underlying concerns are issues that need to be addressed, tariffs do not address these important issues. In addition, because the criteria for inclusion or removal from the final list were not made public, companies in sectors unrelated to the 301 investigation had little advance warning that their specific products would be subject to tariffs.

Americans for Free Trade is a coalition representing U.S. manufacturers, farmers and agribusinesses, retailers, technology companies, service suppliers, natural gas and oil companies, importers, exporters, and other supply chain stakeholders, who are united in their concern about the negative impacts that these tariffs are and will continue to have on U.S. businesses, workers and consumers.

We call upon USTR and the administration to reconsider the decision not to include an exclusion process for the List 3 China tariffs. If you have any questions, please contact Jonathan Gold (goldj@nrf.com). We thank you for your consideration.

Sincerely,

Accessories Council
Agriculture Transportation Coalition (AgTC)
American Apparel and Footwear Association
American Association of Exporters and Importers (AAEI)
American Association of Port Authorities
American Chemistry Council
American Coatings Association, Inc. (ACA)
American Home Furnishings Alliance
American Lighting Association
American Petroleum Institute
American Pyrotechnics Association
American Rental Association
American Specialty Toy Retailing Association
Arkansas Grocers and Retail Merchants Association
Association For Creative Industries
Association for PRINT Technologies
Association of Equipment Manufacturers (AEM)
Association of Home Appliance Manufacturers
Business & Institutional Furniture Manufacturers Association (BIFMA)
California Retailers Association
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 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
Florida Ports Council
Florida Retail Federation
Footwear Distributors and Retailers of America (FDRA)
Fragrance Creators Association
Gemini Shippers Association
Georgia Retail Association
Global Cold Chain Alliance
Grocery Manufacturers Association
Halloween Industry 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 Bottled Water Association (IBWA)
International Housewares Association
International Warehouse and Logistics Association
International Wood Products Association
Internet Association
Juice Products Association (JPA)
Juvenile Products Manufacturers Association
Los Angeles Customs Brokers and Freight Forwarders Assn.
Maine Grocers & Food Producers Association
Maine Lobster Dealers’ Association
Methanol Institute
Minnesota Retailers Association
Missouri Retailers Association
Motor & Equipment Manufacturers Association
Motorcycle Industry Council
National Association of Chain Drug Stores (NACDS)
National Association of Chemical Distributors (NACD)
National Association of Foreign-Trade Zones (NAFTZ)
National Association of Music Merchants
National Confectioners Association
National Council of Chain Restaurants
National Customs Brokers and Freight Forwarders Association of America
National Fisheries Institute
National Foreign Trade Council
National Grocers Association
National Lumber and Building Material Dealers Association
National Marine Manufacturers Association
National Restaurant Association
National Retail Federation
Natural Products Association
New Jersey Retail Merchants Association
Ohio Council of Retail Merchants
Pacific Coast Council of Customs Brokers and Freight Forwarders Assns. Inc.
Pennsylvania Retailers' Association
PeopleforBikes
Personal Care Products Council
Pet Industry Joint Advisory Council
Petroleum Equipment & Services Association
Plumbing Manufacturers International
Precious Metals Association of North America (PMANA)
Promotional Products Association International
Recreational Off-Highway Vehicle Association
Retail Association of Maine
Retail Industry Leaders Association
RISE (Responsible Industry for a Sound Environment)
San Diego Customs Brokers and Forwarders Assn.
SEMI
Society of Chemical Manufacturers & Affiliates
Software & Information Industry Association (SIIA)
South Dakota Retailers Association
Specialty Equipment Market Association
Specialty Vehicle Institute of America
Sports & Fitness Industry Association
Telecommunications Industry Association (TIA)
Texas Retailers Association
Texas Water Infrastructure Network (TXWIN)
The Airforwarders Association
The Fertilizer Institute
The Hardwood Federation
The Toy Association
The Vinyl Institute
Travel Goods Association
Truck & Engine Manufacturers Association (EMA)
United States Council for International Business
United States Fashion Industry Association
US-China Business Council
Virginia-DC District Export Council (VA-DC DEC)
Washington Retail Association
Window and Door Manufacturers Association
World Pet Association, Inc. (WPA)