



RETAIL INDUSTRY LEADERS ASSOCIATION

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June 26, 2020

Via Online Submission

The Honorable Robert Lighthizer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street Northwest
Washington, DC 20508

Re: Section 301 – China \$200 Billion Trade Action (List 3) Comments Concerning the Extension of Particular Exclusions Granted Under the April 2020 through May 2020 Product Exclusion Notices

Dear Ambassador Lighthizer,

The Retail Industry Leaders Association (RILA) appreciates the opportunity to submit comments concerning the extension of particular exclusions granted under the April 2020 through May 2020 product exclusion notices. We write in support of granting exclusion extensions for at least 12 months on eligible products from List 3.

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 United States.

RILA supports USTR'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 recognize the important progress made by the "Phase One" agreement with China, but tariffs remain in place on more than \$360 billion in goods – amounting to a \$360 billion tax on American businesses and consumers. While



we oppose the imposition of tariffs as a negotiating strategy, we nevertheless appreciate the opportunity to apply for extensions of expiring product exclusions to help mitigate the tariffs' negative impact on our member companies.

In first granting these exclusions, USTR deemed these products cannot be sufficiently sourced outside of China and domestic markets are not able to produce the necessary quantities to meet U.S. consumer demand. The availability to source these or comparable products 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 been upended by the COVID-19 pandemic, creating additional uncertainty and cost increases for companies trying to source essential products around the world. Allowing these exclusions to expire and imposing additional tariffs on these products would increase costs and create immense supply chain uncertainty at a time when retailers need supply chain certainty more than ever.

Further, granting these exclusion extensions will allow retailers to continue providing Americans with access to the items they depend on for their health and comfort, as well as the products that will help Americans transition into dramatically different daily lives as the U.S. economy reopens. For example, the primary tool for Americans to self-diagnose and determine whether they are infected – thermometers – are eligible for Section 301 exclusion extensions. As it is widely reported that a fever is a symptom of COVID-19, Americans need access to thermometers to determine whether they are ill and should seek medical treatment. Companies also need efficient access to thermometers to ensure their employees are healthy as they begin reopening businesses. Additional medical products such as pulse oximeters allow Americans to monitor their oxygen levels at home, preventing an unnecessary trip to the hospital that could result in either an unintentional spread or contraction of the virus.

Also, many Americans now find themselves working from home for the foreseeable future. The products Americans need to convert their homes into offices, such as wireless chargers, mobile devices, wire connectors and extension cords, are all eligible for exclusion extensions. As families seek entertainment and local vacations for their children this summer, the price on essential camping gear such as tents, coolers, outdoor chairs, torches, and cots could go up if exclusions are not extended. And as families are choosing to cook more from home, staples in the American kitchen such as flatware, electric stoves, water filters, ice makers, air fryers and cooking thermometers are also subject to a potential price increase if these exclusions are allowed to expire.



In addition to granting these exclusion extensions, we also ask USTR to grant these extensions for a period of at least 12 months. We are concerned by your testimony before the House Ways and Means and Senate Finance Committees on June 17, 2020 in which you stated from now on, all Section 301 exclusion extensions will expire at the end of this year. Granting exclusions and exclusion extensions for less than a twelve-month period creates additional uncertainty for retailers. It also disregards the complexities of global supply chains and the impossibility for them to be entirely reconfigured in such a short timeframe. Further, short-term exclusions force retailers to use scarce resources to repeatedly navigate the Section 301 process, which requires an extraordinary amount of work -- from filing the exclusion requests to staying privy to the specific products that were excluded to determining how long that exclusion will last. In fact, many of our members have had to hire additional staff or outsource work to focus solely on Section 301 tariffs. The significant time and money spent on navigating the Section 301 product exclusion process could instead be going towards preserving jobs, paying suppliers and fixed costs, and investing in critical health and safety equipment for American workers and customers. Ensuring exclusions are extended for at least 12 months would help mitigate the impact on strained resources during the COVID-19 pandemic and provide a bit of certainty during these uncertain times.

In conclusion, we strongly urge the Administration to extend the exclusions on the attached list of products for at least 12 months. A 12 month extension of the exclusions is a quick and efficient way to provide certainty for the retail industry, help the American economy as it reopens, and ensure Americans have access to the goods they need during these unprecedented times. We thank the USTR for giving us the opportunity to provide insight on behalf of our membership.

Sincerely,



Blake Harden
Vice President, International Trade
Retail Industry Leaders Association

