AMERICANS FOR FREE TRADE

July 8, 2022

David Johanson
Chair
U.S. International Trade Commission
500 E Street, SW
Washington, D.C. 20436

RE: Economic Impact of Section 232 and 301 Tariffs on U.S. Industries, Investigation No. 332-591

Dear Chairman Johanson,

The Americans for Free Trade coalition, a broad alliance of American businesses, trade organizations, and workers united against tariffs, respectfully submits this prehearing statement to include in the public record of Investigation No. 332-591, *Economic Impact of Section 232 and 301 Tariffs on U.S. Industries.* We applaud the House and Senate Committees on Appropriations for directing this investigation and appreciate the Commission commencing it without delay. We expect the study will show how the tariffs have negatively impacted our economy and contributed to record high inflation.

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. Our coalition was formed in 2018, when the Section 301 tariffs on imports from China were first imposed. While we support efforts to hold China accountable for failure to safeguard intellectual property rights and innovation through forced technology transfers, we raised concerns that imposing tariffs would have little positive impact on Chinese behavior and disproportionate negative economic impacts on American businesses, workers, and consumers. Over the last four years, that concern has become a reality.

Since the tariffs were first imposed nearly four years ago, U.S. Customs and Border Protection has assessed more than $140 billion dollars in tariffs on American companies who import products from China. These taxes create tremendous uncertainty, increase the cost of doing business in the United States, and place a financial burden on American businesses – negatively impacting their ability to invest in their companies, hire more American workers, and remain competitive globally. For many companies, the tariffs are a primary impediment to building or expanding manufacturing facilities in the United States. More recently, American companies have faced increased uncertainty as a result of the COVID-19 pandemic, historic supply chain disruptions, rising energy costs, and runaway inflation. This has created increased economic pressure on American companies and families and dampened U.S. competitiveness.

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We continue to call for an end to the China 301 tariffs that have had a disproportionate economic impact on American companies, consumers, and workers and that have failed to change China's unfair trade practices. To assist the Commission's work, we have collected the relevant academic and think tank research on the tariffs and their impact on the U.S. economy.[1] For example, 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." Further, recent articles have highlighted that the tariffs are having a modest but real impact on inflationary pressures.[2] We believe the Commission's investigation will reach similar conclusions.

We appreciate the Commission's expertise and its undertaking of this important investigation. We look forward to participating in additional steps of this process and the Commission's findings.

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 Clean Power Association
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 Seed Trade Association
American Specialty Toy Retailing Association
American Trucking 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
Business Alliance for Customs Modernization
California Retailers Association
Can Manufacturers Institute
Carolina Loggers 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)

[1] See the attached list of studies on the China Section 301 tariffs.
[2] See the attached list of articles discussing the China section 301 tariffs' contributions to U.S. inflation woes.

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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
Energy Workforce & Technology Council
Exhibitions & Conferences Alliance
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 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 Bottled Water Association (IBWA)
International Foodservice Distributors Association
International Housewares Association
International Warehouse and Logistics Association (IWLA)
International Wood Products 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
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 Trailer Manufacturers (NATM)
National Confectioners Association
National Council of Chain Restaurants
National Electrical Manufacturers Association (NEMA)
National Fisheries Institute
National Foreign Trade Council
National Grocers Association
National Lumber and Building Material Dealers Association

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National Marine Manufacturers Association
National Pork Producers Council
National Restaurant Association
National Retail Federation
National Ski & Snowboard Retailers Association
National Sporting Goods Association
Natural Products Association
New Jersey Retail Merchants Association
North American Association of Food Equipment Manufacturers (NAFEM)
North American Association of Uniform Manufacturers and Distributors (NAUMD)
North Carolina Retail Merchants Association
Ohio Council of Retail Merchants
Outdoor Industry Association
Pacific Coast Council of Customs Brokers and Freight Forwarders Assns. Inc.
Pennsylvania Retailers' Association
PeopleforBikes
Personal Care Products Council
Pet Advocacy Network
Pet Food Institute
Plumbing Manufacturers International
Power Tool Institute (PTI)
PRINTING United Alliance
Promotional Products Association International (PPAI)
Recreational Off-Highway Vehicle Association
Retail Association of Maine
Retail Council of New York State
Retail Industry Leaders Association
Retailers Association of Massachusetts
RISE (Responsible Industry for a Sound Environment)
RV Industry Association
San Diego Customs Brokers and Forwarders Assn.
SEMI
Semiconductor Industry Association (SIA)
Snowsports Industries America
Software & Information Industry Association (SIIA)
South Dakota Retailers Association
Specialty Equipment Market Association
Specialty Vehicle Institute of America
Sports & Fitness Industry Association
TechNet
Telecommunications Industry Association (TIA)
Texas Water Infrastructure Network
The Airforwarders Association
The Fertilizer Institute
The Hardwood Federation
Toy Association
Travel Goods Association
Truck & Engine Manufacturers Association (EMA)
United States Council for International Business
United States Fashion Industry Association
US Global Value Chain Coalition
US-China Business Council
Vinyl Institute
Virginia Association of Chain Drug Stores
Virginia Retail Federation
Virginia-DC District Export Council (VA-DC DEC)
Washington Retail Association
Water Quality Association
Window and Door Manufacturers Association
World Pet Association, Inc. (WPA)

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Attachment 1 – Studies on Economic Impact of Tariffs – 2018-2022

1. May 2022, American Action Forum: The Total Cost of U.S. Tariffs; Tom Lee & Jacqueline Varas.

2. April 2022, Tax Foundation: Tracking the Economic Impact of U.S. Tariffs and Retaliatory Actions; Erica York.

3. March 2022, Peterson Institute of International Economics: For Inflation Relief, the United States Should Look to Trade Liberalization; Gary Clyde Hufbauer, Megan Hogan, and Yilin Wang.

4. January 2022, USDA Economic Research Service: The Economic Impacts of Retaliatory Tariffs on U.S. Agriculture; Stephen Morgan, Shawn Arita, Jayson Beckman, Saquib Ahsan, Dylan Russell, Philip Jarrell, and Bart Kenner.

5. December 2021, Tax Foundation: *Who Really Pays the Tariffs? U.S. Firms and Consumers, Through Higher Prices*; Alex Durante & Alex Muresianu.

6. October 2021, National Bureau of Economic Research: ILLUMINATING THE EFFECTS OF THE US-CHINA TARIFF WAR ON CHINA'S ECONOMY; Davin Chor and Bingjing Li.

7. May 2021, Moody's Investor Service Report, as reported in *U.S. companies are bearing the brunt of Trump's China tariffs, says Moody's*, CNBC, Yen Nee Lee.

8. January 2021, IHS Markit: Did the US section 301 tariffs work?; Yacine Rouimi.

9. May 2020, National Bureau of Economic Research: The Effect of the U.S.-China Trade War on U.S. Investment; Mary Amiti, Sang Hoon Kong and David Weinstein.

10. January 2020, National Bureau of Economic Research: Who's Paying for the US Tariffs? A Longer-Term Perspective; Mary Amiti, Stephen J. Redding, David E. Weinstein.

11. January 2020, National Bureau of Economic Research: Rising Import Tariffs, Falling Export Growth: When Modern Supply Chains Meet Old-Style Protectionism; Kyle Handley, Fariha Kamal, Ryan Monarch.

12. January 2020, Congressional Budget Office: The Budget and Economic Outlook 2020 to 2030.

13. December 2019, Federal Reserve Board: Disentangling the Effects of the 2018-2019 Tariffs on a Globally Connected U.S. Manufacturing Sector; Aaron Flaaen and Justin Pierce.

14. November 2019, United Nations Conference on Trade and Development, Trade and Trade Diversion Effects of United States Tariffs on China; Alessandro Nicita.

15. October 2019, Revised December 2019, National Bureau of Economic Research: The Consumption Response to Trade Shocks: Evidence from the US-China Trade War; Michael E. Waugh.

16. October 2019, National Bureau of Economic Research: Tariff Passthrough at the Border and at the Store: Evidence from US Trade Policy; Alberto Cavallo, Gita Gopinath, Brent Neiman, Jenny Tang.

17. September 2019, Board of Governors of the Federal Reserve System, The Economic Effects of Trade Policy Uncertainty; Dario Caldara, Matteo Iacoviello, Patrick Molligo, Andrea Prestipino, Andrea Raffo.

18. September 2019, Moody's Analytics: *Trade War Chicken: The Tariffs and the Damage Done*; Mark Zandi, Jesse Rogers & Maria Cosma.

19. March 2019, Revised October 2019, National Bureau of Economic Research: The Return to Protectionism; Pablo D. Fajgelbaum, Pinelopi K. Goldberg, Patrick J. Kennedy, Amit K. Khandelwal.

20. March 2019, National Bureau of Economic Research: The Impact of the 2018 Trade War on U.S. Prices and Welfare; Mary Amiti, Stephen J. Redding, David E. Weinstein.

21. February 2019, Trade Partnership Worldwide, LLC: Estimated Impacts of Tariffs on the U.S. Economy and Workers; Laura Baughman and Joseph Francois.

22. December 2018, National Bureau of Economic Research: Macroeconomic Consequences of Tariffs; Davide Furceri, Swarnali A. Hannan, Jonathan D. Ostry, Andrew K. Rose.

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Attachment #2 – Articles on the Impact of Tariffs

Date	Headline	Outlet
6/7/2022	Biden Must Roll Back the Tariffs Weighing So Heavily On the Economy	RealClearMarkets
5/17/2022	As Businesses Struggle, Tariffs Create Avoidable Challenges	The Well News
4/15/2022	End China trade war	Times-Tribune
3/26/2022	Supply Chain Issues Continue to Hurt Businesses. Lifting Tariffs Can Help.	RealClearPolitics, The Center Square, Livingston Parish News
3/24/2022	To Help Revive the U.S. Economy, the Biden Administration Must Lift the Tariffs	RealClearMarkets
3/20/2022	Tariffs Hurt Virginia Businesses	The Gazette-Virginian
2/25/2022	To Fulfill His Economic Vision, President Biden Must End Trump's Tariffs	The Well News
2/14/2022	Want to Stem Inflation? End the Trade War	RedState
2/14/2022	Trade War Continues to Batter New Hampshire Businesses	NH Journal
2/11/2022	2 Years Since Trade Deal with China, Tariffs Aren't Working for American Businesses	Entrepreneur.com, MSN
2/8/2022	Cutting Chinese tariffs would help Del. businesses	Delaware Business Times
1/25/2022	Keep Wisconsin moving forward	WisPolitics
12/13/2021	Amid Pressing Economic Crises, Biden Administration Must Lift Tariffs	Townhall
12/9/2021	Biden must end failed trade policy that has hurt Pennsylvanians	Tribune-Review
11/10/2021	It's Time to End the Trade War With China	Newsweek
11/3/2021	Post-Covid, the Federal Government Must Remain Committed to Helping Businesses	Entrepreneur/com
10/12/2021	U.S. tariffs on Chinese goods hurts Arizona's economic growth	Arizona Daily Star
9/29/2021	For Washington's Economy to Fully Recover, Biden Administration Must End Tariffs	Kirkland Pathc
9/14/2021	Duane Garfoot: Continued tariffs still loom large following Biden's Wisconsin visit	WisPolitics
9/7/2021	Trade Wars Worsen Shipping Crisis	Townhall
7/22/2021	The time has come for Biden to repeal Trump's tariffs	News Journal
7/12/2021	Biden can help American workers and protect U.S. jobs by ending trade wars	Washington Times

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Date	Headline	Outlet
6/23/2021	Ongoing trade war limits recovery for U.S. businesses	Tribune-Review
5/19/2021	As COVID-19 recovery begins, Granite State needs tariff relief	Manchester Ink Link
5/7/2021	Oregon businesses bear the brunt of the U.S. tariffs on China	The Oregonian
4/5/2021	Repealing Trump-era trade tariffs would throw a lifeline to struggling businesses	Crain's New York Business
3/25/2021	Repeal Tariffs to Boost the Economy, Help Small Businesses	RealClearMarkets
3/3/2021	Tariff relief must play a central role in Biden trade agenda	Des Moines Register
2/24/2021	Removing tariffs is key to economic relief	Washington Examiner
2/12/2021	Repealing tariffs should be one of Biden's first acts	Wisconsin State Journal, Herald Times Reporter
2/7/2021	Biden can save Americans billions of dollars by ending Trump's trade war with China now	Business Insider
12/21/2020	Trump Must Repeal Tariffs to Provide Americans Relief	Inside Sources
12/12/2020	If Biden Wants to Help Middle America, He'll Lift Tariffs	RealClearPolitics
11/21/2020	Prospect of Tariffs on Vietnamese Imports Jeopardizes American Recovery	RedState
10/31/2020	A Pledge To Repeal Tariffs Is Crucial For Both Candidates	Townhall
10/29/2020	Tariffs Continue to Hurt Wisconsin	The Baraboo News Republic
10/29/2020	Tariffs Must Take Center Stage in Leadup to Election Day	NH Journal
10/28/2020	WTO ruling and domestic lawsuits may boost Biden's chances of winning	WisPolitics
9/24/2020	Floridians Are Frustrated With The Trade War	The Floridian
9/22/2020	Trump's trade war has punished Americans more than China	Laconia Daily Sun
9/17/2020	Mike Duerst: Tariffs Prove to be a Key Issue for Wisconsin Voters	WisPolitics
9/16/2020	Path to White House Includes Repealing Tariffs	RedState
6/1/2020	President Trump's Tariffs Put Economic Recovery at Risk	RedState
5/26/2020	One Big Way To Help US Businesses Come Back After Coronavirus	Townhall

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Date	Headline	Outlet
5/26/2020	More tariffs would bring Missouri to its breaking point	Missouri Times
5/7/2020	Stimulus is helpful, but tariffs are still threatening our livelihoods	MinnPost
4/4/2020	Trade War Damage Worsened by Global Health Pandemic	RealClearPolitics
3/6/2020	Trump's trade war threatens S.C.'s economy and workers — Democratic presidential candidates should vow to end it	Charleston City Paper
3/3/2020	Trade War Could Unravel President Trump's Economic Accomplishments	RedState
2/10/2020	The trade war with China has hurt my small business in Massachusetts	Boston Globe
2/10/2020	The Trade War Hurts President Trump's Re-Election Chances in New Hampshire	NH Journal
2/1/2020	The Trade War is Undoing President Trump's Economic Achievements | Cucciniello	Save Jersey
1/29/2020	Democratic candidates should talk more about Trump's trade war	Sioux City Journal
1/19/2020	I supported Trump's trade war. But now it's driving my industry out of business.	Star Ledger
1/18/2020	Trump can win Wisconsin if he ends tariffs	Wisconsin State Journal
12/31/2019	The trade war has cost us over $500,000 dollars	PennLive
12/19/2019	In the Next Debate, Democrats Must Highlight Damage Trump's Tariffs Have Caused	LA Focus
12/4/2019	Trade war undermines strong Texas economy and Trump's reelection chances	Houston Chronicle
12/3/2019	Trump has been great for Black Americans, but the trade war could hinder the progress	The State
11/25/2019	Tariffs are slowly driving me out of business	Concord Monitor
11/7/2019	Tariffs Could Hurt the Holidays – and President Trump's Re-Election in 2020	Iowa Standard
10/15/2019	Enough Is Enough: Tariffs Are Damaging Ohio's Economy	RealClearPolitics
10/4/2019	How Tariffs Are Hurting Trump's Base – and His Chances of Re-election	Save Jersey
9/20/2019	Tariffs Could Hurt President Trump's Chances in North Carolina	Townhall
8/25/2019	How Tariffs Are Hurting My Business—And Your Wallet	NY Observer

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Date	Headline	Outlet
8/14/2019	Tariffs Are Taxes Paid by New Hampshire Businesses and Consumers	NH Journal
8/4/2019	Trump's economy is booming — repealing tariffs will boost it even more	The Hill
8/2/2019	Tariffs Looming over 2020 Election	RedState
7/10/2019	Rohn Bishop: Wisconsin needs four more years of Trump's economic policies – minus tariffs	WisPolitics
7/9/2019	LTE: Tariffs should be removed	Gettysburg Times
6/19/2019	Tariffs hurting same Floridians Trymp is trying to help	Sun Sentinel
6/19/2019	Trump's tariffs endanger Wisconsin's booming economy	The Cap Times
6/13/2019	A Quick End to the Trade War Is the Key to Victory for President Trump in 2020	Townhall