

September 20, 2019

The Honorable Robert Lighthizer
U.S. Trade Representative
Office of the U.S. Trade Representative
Executive Office of the President
600 17th Street, NW
Washington, DC 20006

Request for Comments Concerning Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation (Docket Number: USTR-2019-0015)

Dear Mr. Ambassador:

We are writing to express our very strong opposition to the subject proposal to increase, by five percentage points, the 25% additional tax that is being imposed on imports from China of consumer and commercial products, such as travel goods, specialty clothing, headwear, accessories, and textiles from China.

The 25% tax that is currently being imposed has already emerged as a huge cost burden that is resulting in price increases, jobs losses, and other irreversible economic damage in the United States. The proposed tax increase will only magnify these problems, coming entirely at the expense of U.S. firms, including those with manufacturing operations in the United States, and the American customers they serve.

In your request for comments, you asked a two-part question:

- (1) "whether increasing the rate of additional duties on one or more subheadings listed in the Annexes would be practicable or effective to obtain the elimination of China's acts, policies, and practices, and
- (2) whether increasing the rate of additional duties on a particular product listed in the Annexes would cause disproportionate economic harm to U.S. interests, including small- or medium-sized businesses and consumers."

The answer to the first question is an unequivocal "NO" and the answer to the second is an unequivocal "YES."

None of the items we produce in China – items such as travel goods, specialty clothing, headwear, accessories, and textiles – are in any way connected to the underlying disputes relating to forced technology transfer or the Made in 2025 initiative. Although some of these items do experience intellectual property (IP) theft, the tariff rate increase on legitimate merchandise will only make the IP problem worse by increasing the reward for counterfeiters.

At the same time, these extra tariffs will create disproportionate harm to U.S. companies and consumers. In addition to losing market share to counterfeiters, legitimate companies who pay these new taxes are forced to make difficult choices, such as raising prices, foregoing investments, and laying off workers. Further, one year after the first punitive tariffs were applied, we can clearly see that supply chains cannot easily relocate outside of China quickly or at all. Thus, these tariffs will be increasingly borne by companies that are less able to find alternatives outside of China.

At a time when we are working to expand U.S. jobs and provide affordable options for American consumers, who are driving economic growth in our country, new taxes on consumer and commercial products that touch every American are not the answer.

We urge you to exempt these products from any tariff rate increase. Further, while we realize this is beyond the scope of the comment request, we urgently ask that the existing punitive tariffs of 25% be removed outright.

Thank you for your consideration of our views.

Sincerely,

Companies

Aleon, Inc.
ascena Retail Group, Inc.
California Luggage
Carter's, Inc.
Concept One Accessories
DeJuno
Design Go Inc
Dream Duffel, LLC
ECCO USA, Inc.
Feizy Import & Export Co., Ltd.
Gap Inc.
Global Brands Group
Hampton Products
Higear Design, Inc.
J.L. CHILDRESS
Kingport Industries. LLC
Lanier Apparel
Levi Strauss & Co.
Lewis N. Clark
LF Distribution Holding Inc.
Lilly Pulitzer
Loloi, Inc.,

Luggage Shop of Lubbock
McCrary International.
McKlein Company, L.L.C
Michael Kors
Mon Cheri
NLDA Associates, Inc.
Olivet International
One Jeanswear Group LLC
Oxford Industries
Perry Ellis International
Pukka Inc.
PVH Corp.
Renfro Corporation
Ricardo Beverly Hills
Southern Tide
Sutton Home Fashions
Swissdigital
Tapestry
Tommy Bahama
Travel Outfitters
Travelon
Triforce Luggage LLC
United Legwear & Apparel Co.

Vibram Corporation
World Richman Mfg. Corp.
Woven Concepts
Zero Halliburton Incorporated

Associations

Accessories Council
American Apparel & Footwear Association
(AAFA)
American Bridal and Prom Industry
Association (ABPIA)
California Fashion Association (CFA)
Council of Fashion Designers of America
(CFDA)
Fashion Accessories Shippers Association
(FASA)
Fashion Jewelry and Accessories Trade
Association (FJATA)

Footwear Distributors and Retailers of
America (FDRA)
Gemini Shippers Association
Halloween Industry Association
Juvenile Products Manufacturers
Association (JPMA)
National Retail Federation (NRF)
North American Association of Uniform
Manufactures and Distributors (NAUMD)
Oriental Rug Importers Association (ORIA)
Outdoor Industry Association (OIA)
Promotional Products Association
International (PPAI)
Retail Industry Leaders Association (RILA)
Sporting & Fitness Industry Association
(SFIA)
Travel Goods Association (TGA)
U.S. Fashion Industry Association (USFIA)
U.S. Global Value Chain Coalition