

September 6, 2023

President Joseph R. Biden  
The White House  
Office of the President  
1600 Pennsylvania Avenue, N.W.  
Washington, DC 20500

Dear President Biden:

Your Administration has helped cut inflation since we spoke in June of last year during the signing ceremony for the Ocean Shipping Reform Act. That law, which reduced energy and transportation costs, and the Federal Reserve's resolve on interest rates have all helped this important effort.

Our brief discussion touched on tariffs, particularly under Section 301 of the Trade Act of 1974. Since July 2018 through June 2023, American technology companies have paid \$47 billion in tariffs on imports from China. These taxes have hurt U.S. businesses and consumers in all 50 states, especially tech startups and small- and medium-sized enterprises. They have also weakened U.S. competitiveness relative to our trading partners, who can import materials, inputs, and finished goods tariff-free at lower costs. Tariff prevention and relief should be part of your arsenal in the fight against inflation and efforts to strengthen the U.S. economy. Three immediate opportunities come to mind.

First, you can further extend the 352 exclusions from the China tariffs set to expire on December 31, which the Office of the U.S. Trade Representative (USTR) extended on September 6.<sup>1</sup> Expiry of these exclusions will raise prices for businesses, workers, and consumers and undermine U.S. technology leadership (e.g., on building new technology manufacturing capacity and generating sufficient AI and machine learning computing power at home). To remove persistent uncertainty for businesses, I urge you to extend these exclusions for at least one year or repeal the tariffs entirely for these products. I also urge you to reinstitute a transparent, fair, and comprehensive exclusions process for U.S. businesses to petition the federal government to grant exclusions from the China tariffs. Such a process would be helpful in combating inflation and strengthening U.S. competitiveness.

Second, over the next few months, you will complete the ongoing "necessity review" of the now five-year-old tariffs, which covered \$370 billion in imports from China in 2017. As we have communicated to U.S.

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<sup>1</sup> <https://ustr.gov/sites/default/files/Section%20301%20COVID-Related%20and%20Reinstated%20Exclusions%20Extensions%20FRN.pdf>

Trade Representative Katherine Tai, these tariffs are not effective in meeting their stated objectives and have unnecessarily hurt the U.S. economy.<sup>2</sup> Eliminating the tariffs will both provide needed relief to the poor, middle class families, and workers and lower the costs of inputs for American manufacturing. I urge you to remove as many tariffs as possible while continuing to address harmful and predatory trade practices in China through other more effective actions. I would be happy to suggest more effective alternatives less harmful to Americans.

Third, to ensure your success against inflation, you must avoid raising tariffs further and applying new tariffs on products not yet subject to them, (e.g., smart phones, laptops and tablets, connected devices, monitors, televisions, and more). Tariffs on these price-sensitive products would harm U.S. consumers and households, threaten your efforts to lower inflation, and weaken U.S. productivity. More, China would likely retaliate against U.S. exports and U.S. businesses to erode our global competitiveness.

I urge you to be the voice of reason within the U.S. body politic and with President Xi Jinping. A heightened trade war between the U.S. and China would undercut our economic recovery. A more strategic and economically sensible approach to the China tariffs as outlined above should disincentivize China's bad behavior and give confidence to U.S. businesses and workers that they will not be caught in the crossfire of U.S.-China relations. The consumer technology industry stands ready to help you finish the fight against inflation and create a vibrant American economy.



Gary Shapiro  
President and CEO  
Consumer Technology Association (CTA)

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<sup>2</sup> <https://cdn.cta.tech/cta/media/media/pdfs/final-cta-comments-to-ustr-for-four-year-review-of-china-section-301-tariffs-20230117.pdf>