

**CTA Statement for the Record for the Senate Finance and House Ways and Means Committees  
Respective Hearings on the 2023 U.S. Trade Policy Agenda**

**April 5, 2023**

In response to the March 23 and March 24 congressional hearings on the 2023 U.S. Trade Policy Agenda, the Consumer Technology Association (CTA)® respectfully submits this statement for the record on increasing the positive impact and ambition of U.S. trade policy.

CTA represents the \$505 billion U.S. consumer technology industry, which supports more than 18 million U.S. jobs. Our industry appreciates the Office of the U.S. Trade Representative's (USTR's) efforts to strengthen U.S. trade relationships with allies and key trading partners, deploy U.S. trade policy as a tool for supporting Ukraine against Russia, establish a worker-centric trade policy, and address important U.S. objectives like eliminating forced labor from supply chains. around the world.

The Biden-Harris Administration has created a solid foundation. However, it must adopt a more proactive and market-opening U.S. trade policy that strengthens U.S. ties with its allies. Ahead of Ambassador Tai's testimony and responses to questions, CTA urges USTR to work with the Congress and U.S. stakeholders on prioritizing the negotiation of free trade agreements and opening new markets to U.S. technology goods and services through tariff elimination.

CTA's statement offers recommendations to the Congress and the Administration to support American businesses and workers and create durable, beneficial, and resilient economic and trade ties with its allies. They also call for an honest reckoning of current policy that has caused more harm than good (e.g., the Section 301 tariffs on imports from China).

**1. CTA Recommendations on a better trade policy to support U.S. technology, trade, and economic leadership in the face of competition with China**

Our relationship with China is complex: China is our third-largest trading partner, our second-largest debt holder, and a key source of inputs for CTA members. More, China is also a world power with whom we must maintain peaceful relations and cooperate on global challenges like climate change.

At the same time, China is our main economic rival and has vowed to overtake us as the world technology leader. They routinely ignore and exploit international trade norms. They engage in sophisticated efforts to steal US intellectual property and national security secrets. They are a potential military threat to the United States and neighboring economies like Taiwan, and they aggressively repress their own people and ethnic minorities.

U.S. policies toward China should recognize this nuanced “coopetition” dynamic with China, and disincentive Chinese bad behavior without unduly harming our businesses, consumers, or US innovation. Our policies should:

- Strengthen the international rule of law and the multilateral trading system, including through modernization of the World Trade Organization (WTO);
- Avoid tariffs on imported goods from China or other markets. As the U.S. International Trade Commission demonstrated in its March 2023 authoritative report<sup>1</sup>, tariffs are taxes paid by Americans that drive inflation and harm US businesses, not China;
- Promote trade agreements and economic cooperation between the US and our allies and democratic societies. We should contain trade misbehavior by the Chinese Communist Party (CCP) and state-owned or controlled enterprises by leading and participating in regional trade agreements networks like the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP);
- Ensure that any export and investment restrictions are narrowly tailored to address national security issues, and do not unduly impact commercial export opportunities for U.S. businesses;
- Avoid sweeping product and company bans unless they are the final resort to address legitimate national security threats to U.S. businesses or consumers;
- Ensure any import restrictions based on forced labor practices in China or other markets are clear, transparent, and enable compliance by law-abiding American businesses;
- Support and adhere to the rulings of the WTO and other bodies that maintain international trade rules and norms; and
- Prioritize robust and sustained consultations with stakeholders on all trade and investment initiatives, negotiations, and proposed measures, consistent with U.S. agency obligations under the Administrative Procedure Act as appropriate.

## **2. CTA Recommendations on a better trade policy to support U.S. friends and allies**

Our planet’s history tells us that friendship among nations is to be cherished and nurtured. Too often countries have not served as good friends to others, particularly in the area of international trade, when we prioritize competition over friendship. In our view, we should view trade friendships as a means of protecting the future of our children and successive generations, who will inherit our planet and the promise of humanity.

We must act to ensure not only their economic health but their freedom and liberty. If free market liberty-loving countries increasingly isolate themselves from each other via trade barriers, we are hurting our ability to compete both economically and in innovation. Free trade among friends and allies is important as it greatly benefits each nation and gives us the best chance at staying ahead of authoritarian governments.

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<sup>1</sup> [https://www.usitc.gov/publications/332/pub5405.pdf?source=qovdelivery&utm\\_medium=email&utm\\_source=qovdelivery](https://www.usitc.gov/publications/332/pub5405.pdf?source=qovdelivery&utm_medium=email&utm_source=qovdelivery)

With these perspectives in mind, CTA launched a new white paper at CES 2023: “Top Ten Ways for Turning Trade Friends into Trade Best Friends Forever (Trade BFFs).” (FOOTNOTE: <https://cdn.cta.tech/cta/media/media/advocacy/pdfs/tradebff.pdf>)

We hope these ideas, which we excerpt from the white paper below, spark a necessary conversation among democratic and liberty-loving nations on leaving the self-serving measures of the 20th century behind and forging a stronger and like-minded free trade future for our children and successive generations. And we welcome ideas from the Administration, the Congress, and our friends and allies on what it takes to be a “Trade BFF” in our era of fierce global competition.

Trade BFFs should:

1. **Honor their commitments to each other.** Friendships are built on trust, which means Trade BFFs should bind and enforce their commitments to each other (trade pinky promises) through comprehensive, binding, and enforceable free trade agreements (trade friendship bracelets).
2. **Have each other’s backs.** You look out for someone by helping them - not putting up barriers to their success. True friendships embody selflessness - not selfishness. For example, they should promise to spare their Trade BFFs from disruptive and harmful unilateral enforcement actions, including tariffs and import prohibitions.
3. **Work together.** Friends make each other better and push each other to live up to or surpass expectations. One way to do that is to collaborate on strengthening the World Trade Organization and on multilateral and regional trade and investment efforts.
4. **Share common values** – and stick to them. We value freedom, democracy, and the power of the free market. We can maintain and promote market economies by avoiding policies that intentionally displace or injure foreign competitors and making any incentives available to their domestic industries also available to industries in their Trade BFFs.
5. **Compete hard—but fairly.** Trade BFFs develop and implement regulations that allow companies located in their fellow Trade BFFs to compete fairly on a level playing field while encouraging a race to the top through high performance.
6. **BE empathetic and open to mutual, voluntary support.** Trade BFFs take measures to encourage but not coerce industries located in their fellow Trade BFFs to trade with or invest in their economies.
7. **Invest in and support each other’s successes.** If one friend is an expert or good at something, they use that skill or expertise to help their friends. Trade BFFs invest in and support each other’s successes, avoiding irritating and disruptive investment reviews or other restrictions on investment.

8. **Share openly with each other.** Trade BFFs take steps to allow data to flow freely across borders. They prioritize transparency and participation by interested persons in policymaking, including in their fellow Trade BFFs.
9. **Join forces to fight for their shared futures.** All countries sharing the values of democracy and liberty should work together and rip out trade barriers among like-minded friends. They can work together to confront trade bullies and provide more market access to each other in the face of bullying. They avoid policies that bully their fellow Trade BFFs.
10. **Communicate with each other clearly and often.** One key to any friendship is an open and honest level of communication. For example, Trade BFFs talk to each other regularly about issues like IP protection and enforcement and new trade rules that benefit our people and planet. They avoid unilateral measures, which can have unintended consequences on their friendships, companies, workers, and people.

### 3. CTA Recommendations on the Section 301 Tariffs on Imports from China

On January 17, 2023, CTA submitted comprehensive comments to USTR<sup>2</sup> in response to its request for stakeholder input under the statutorily mandated "necessity review" at the four year anniversary of the imposition of the Section 301 tariffs on imports from China. CTA's comments offered significant input on the negative economic impact of the tariffs, their ineffectiveness in meeting their stated and unstated objectives, and the possible alternatives to the tariffs that together or individually may be more effective in meeting those objectives.

In summary, CTA respectfully requested that USTR fully remove the HTS codes for consumer technology products and inputs in Annexes 1, 2, and 4 to this submission from Lists 1, 2, 3, and 4A. We urge USTR to avoid imposing tariffs on the HTS codes in Annexes 3 and 4 that are included on List 4B and on any consumer technology product or input not yet included on a Section 301 tariff list. Finally, CTA encouraged USTR complete the necessity review as quickly as possible and advocates for the initiation of comprehensive, transparent, and fair exclusions process with due process until the tariffs are removed.

Additionally, CTA made the following key points in its comment:

- The tariff actions are not now, and will never be, an effective tool for achieving the objectives of Section 301 to eliminate China's problematic acts, policies and practices.
- The tariff actions adversely affect the U.S. economy, including consumers.
- The tariff actions make the U.S. technology sector, and particularly the thousands of startups and small businesses in the sector, less competitive at home and abroad.
- It is counterproductive and inconsistent with other policies to maintain increased duty rates on consumer technology products and inputs.

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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>

- It is paramount that USTR permanently remove consumer technology products and inputs from the Section 301 actions and not target them or use them as pawns in future actions.
- Other actions would be more effective in addressing China's problematic acts, policies, and practices.
- USTR must be consistent in its policymaking and abide by its statutory procedural and transparency obligations during this review and any future use of its Section 301 authority.

### **Conclusion**

CTA greatly appreciates the opportunity to submit these comments for the record. We look forward to continuing to work with the House Ways and Means and Senate Finance Committees and with the Administration to fight inflation, strengthen U.S. trade and economic ties with allies by opening new markets and negotiating high standard, binding and enforceable trade rules, and bolstering U.S. technology leadership and the innovation economy.