

United States Senate

WASHINGTON, DC 20510

May 25, 2022

The Honorable Joseph R. Biden
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Biden:

We write to express our continued support for the trade action taken against China pursuant to Section 301 of the Trade Act of 1974. We share long-standing concerns about the ways in which China's acts, policies, and practices have discriminated against U.S. exports and contributed to the offshoring of U.S. jobs, manufacturing, and innovation, all of which has undermined the competitiveness of our country. As you consider the future of the Section 301 action, we urge you to substantially maintain the tariffs in their current form. Rolling back the tariffs on China would undermine the U.S. position in negotiations, expose many U.S. companies and workers to a sudden flood of imports, and signal to China that waiting out the United States is preferable to changing their non-market behavior or complying with the Phase One Agreement.

The United States imposed tariffs on \$370 billion worth of goods from China in response to China's discriminatory economic practices. For example, China imposes joint venture requirements on U.S. firms seeking to do business in China, thereby placing a thumb on the scale in favor of offshoring and technology transfer. China also requires foreign companies to license technology to Chinese firms at terms unfairly beneficial to China, and orchestrates intrusion into U.S. computer networks and theft of commercial intellectual property. These tariffs helped the United States conclude the Phase One Agreement with China to set new limits on these unfair practices. And yet, China continues to engage in non-market conduct which tilts the playing field away from American firms and workers, and towards Beijing's Communist Party. The proliferation of industrial subsidies, reliance on State Owned Enterprises (SOEs), abuse of labor and human rights, and the expansion of Belt and Road Initiative all come to mind.

We also believe it would be naïve to disregard recent actions taken by China that raise significant geopolitical concerns. China is committing genocide against Uyghurs and other ethnic minorities in the Xinjiang Autonomous Region and other parts of the country. China has effectively ended Hong Kong's separate political system and is forcing the people of Hong Kong to live under its dictatorial rules. And China has also emerged as Vladimir Putin's strongest ally, even as Russia continues to attack Ukraine. These facts raise grave concerns about the long-term future of U.S.-China relations.

Given these realities, we believe it counterproductive to lift or erode the Section 301 tariffs, especially in the hopes that China will somehow become more cooperative on other issues. At present, China remains wedded to a techno-nationalism at odds with American values—something hardly to be rewarded.

While an exclusion process is necessary in certain circumstances, such as when products cannot be currently sourced domestically, lifting, or even modifying, the tariffs from their current broad scope, would make it more difficult for the United States to exercise the leverage needed to address the acts, policies, and practices which necessitated the tariffs in the first place. Relatedly, it would signal to Beijing that, for all its rhetoric, the United States is not serious about addressing the inequities and imbalances in the bilateral relationship. In fact, Beijing has repeatedly asked for the tariffs to be removed—a sure sign that the Section 301 action is a significant concern for the Chinese Communist Party and its mercantilist economic approach. Removal of the tariffs would be a unilateral give-away to a regime looking to undermine U.S. competitiveness. Furthermore, it would reward China's non-compliance with provisions of the Phase One Agreement.

Rather than lifting the tariffs, the United States should use the enforcement tools guaranteed by that agreement to make clear that we are serious about rectifying its violations. We need to make clear to China that dialogue leads to commitments—and failure to adhere to these commitments are followed by robust enforcement. If we do not exercise the legal rights under the Phase One Agreement, it will only make it more difficult to make progress with China on the subsidies, state-owned enterprises, suppression of labor rights, and other unfair behaviors that are the core of the structural obstacles to a level playing field in bilateral trade.

In closing, we note that the tariffs are not a driver of today's inflation. Not only do the tariffs predate the current inflation by over three years, but Chinese imports make up only 2 percent of goods included in the Consumer Price Index (CPI) and would not materially reduce inflation. Indeed, much of the inflation we are seeing relates to fuel and food—sectors that are unrelated to imports from China. To avoid the tremendous strategic cost of lifting the tariffs, we urge you to retain the tariffs on China in their current form, and exercise all the tools at your disposal to assert U.S. rights in the face of China's unfair economic practices.

Sincerely,



Rob Portman
United States Senator



Sherrod Brown
United States Senator



Mitt Romney
United States Senator



Kevin Cramer
United States Senator



Mike Braun
United States Senator



Rick Scott
United States Senator



James M. Inhofe
United States Senator



Robert P. Casey
United States Senator



Elizabeth Warren
United States Senator