



Mail received:
PO Box 283
Southwick MA 01077
T: 202.688.5145
cpa@prosperousamerica.org

April 27, 2021

Senator Rob Portman
448 Russell Senate Office Building,
Washington, DC 20510

Re: Exclusions from China 301 tariffs should not be renewed

The Coalition for a Prosperous America (CPA) writes regarding your recent letter to Ambassador Tai asking her to renew expired and expiring China Section 301 tariff exclusions.

CPA is thankful that you recognize the problems with China's trade practices. But we also urge you to reconsider your support for renewing 301 exclusions, an action that would be contrary to America's national and economic security interests. The primary winners in 301 exclusions are the Chinese Communist Party (CCP), Chinese manufacturers and DC law firms while it's the American people and our national interests who loose – jobs and national security are just two examples – if these exclusions are continued.

The basis for the tariffs is the unparalleled, state-sponsored theft of intellectual property used as a core growth strategy by Beijing which threatens American's national security and interests. The 301 report¹ documented systematic joint venture requirements and licensing requirements designed to force the transfer of core technology from American to Chinese companies. It also revealed cyber-hacking, weaponized incoming investment and many other acts and practices in Beijing's multi-pronged toolbox to steal technology.

The CCP has not apologized or stopped those acts and practices. Instead it retaliated with tariffs, engaged in genocide, annexed Hong Kong, and increased military pressure on Taiwan among other actions. FBI Director Christopher Wray told the Senate Intelligence Committee this month that the FBI opens an investigation that ties back to the Chinese government every 10 hours.²

¹ USTR, Findings of the Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation under Section 301 of the Trade Act of 1974 (March 22, 2018), *available at* <https://ustr.gov/sites/default/files/Section%20301%20FINAL.PDF>

² Mike Conte, "FBI opens a new investigation into China 'every 10 hours,' bureau director says," CNN, April 14, 2021, <https://www.cnn.com/2021/04/14/politics/fbi-director-china-investigations-intl-hnk/index.html>

A blanket renewal of exclusions would reward China, showing that America is not serious about confronting its IP theft, its genocide, and its military aggression. It would suggest that America does not care about national security. And it would prove that America cares more for multinational corporate profits than rebuilding supply chains and creating good jobs in America.

U.S. businesses have had four years since the start of the 301 investigation to relocate supply chains outside of China. There has been sufficient time for businesses to modify their supply chains. Many businesses have moved production or procurement back to the United States to employ more U.S. workers. Others have moved production to third countries. CPA's review of the most recent exclusions (granted October, 2020) finds that in many instances, the petitioning businesses are openly saying that they have considered and rejected sourcing from outside China.³ They evidently expect their exclusions to be permanent and ongoing.

The 301 exclusions are not designed to be a permanent exception favoring private profit interests which run counter to our national interests. Simply put, as we approach the four-year anniversary of the start of the China 301 investigation, any business that has been unable to source components **from anywhere in the world outside of China** is either not trying or is not competent.

Our Founding Fathers transformed our country from an agrarian colony to the biggest industrial economy in the world less than 100 years after the American Revolution with gritty determination to build new supply chains here. Now, as we face the prospect of ceding global leadership to an authoritarian adversary, policy leaders must be firm in meeting the challenge to rebuild our country's industrial might rather than serving the interests of stateless multinationals.

We stand ready to work with you in this regard.

Thank you,



Zach Mottl,
Chairman, Coalition for a Prosperous America



Michael Stumo,
CEO, Coalition for a Prosperous America

³ See, e.g. Submission USTR-2020-0030-58023 by TMI EP, LLC, on August 13, 2020, Docket ID: USTR-2020-0030, Index of Comments Concerning the Extension of Particular Extensions Granted Under the October 2019 Product Exclusion Notice from the \$34 Billion Action (List 1) (“TMI's actions to find a source outside of the USA (third countries) to sub-contract manufacture [*sic*] our products concluded that the supply chain, tooling, industry expertise, and subject matter expertise do not exist outside of TMI's current supply chain.”)