

November 4, 2021

The Honorable Janet Yellen
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretary Yellen:

We write today with serious concern regarding your recent remarks that “lowering some tariffs in a reciprocal way” on China is “a desirable outcome.” This comment suggests that the Treasury Department is intent on rewarding the Chinese Communist Party (CCP) despite its recalcitrance towards the Phase One Agreement—and notwithstanding their myriad of other international crimes. Such a reward to the CCP would undercut the President’s Build Back Better agenda.

First, we must bring to your attention that there is no evidence suggesting that our 301 tariffs on merchandise from China are driving inflation. Inflation is higher in the UK, Canada, and Australia than it is in the United States. These countries have no equivalent of our China 301 tariffs.

Second, the Treasury Department’s apparent willingness to lower tariffs on China undermines United States Trade Representative’s position vis-à-vis China. Last month, Ambassador Katherine Tai documented the Biden administration’s concern that China has not lived up to its commitments under the Phase One Agreement. In fact, Beijing has refused to admit to engaging in wrongful conduct and has refused to change. The 301 tariffs were imposed to counter the unfair trade advantages the CCP accrued thanks to their decades-long, systematic intellectual property (IP) theft and blatant disregard for American IP rights. For this reason, Ambassador Tai has rightly recognized that the Section 301 tariffs on China are effective policies to defend “the interests of the American economy, the American worker, and American businesses and our farmers, too.”

Ambassador Tai promised that the Biden administration would “use the full range of tools we have and develop new tools as needed to defend American economic interests from harmful policies and practices.” We strongly support this commitment. From successfully employing tariffs to fulsome enforcement of U.S. trade and customs laws, we appreciate the Biden administration’s recognition that utilizing all available tools is key to ensuring strong and vibrant U.S. domestic industries.

CPA is the leading national, bipartisan organization representing exclusively domestic producers and workers across many sectors of the U.S. economy. For nearly two decades, CPA has advocated for the implementation of strategic trade, tax, and growth policies that deliver prosperity and security to America, its citizens, farms, factories, and workers.

We are a bipartisan coalition of farmers, ranchers, manufacturers, and labor organizations that make and grow things in the United States. America's strength and well-being is based upon growing America's productive capacity and quality employment more than cheap consumption.

When it comes to the U.S.-China relationship, the CCP has shown time and time again that it is playing a zero-sum game. Lowering tariffs on cheap Chinese imports—despite the Chinese Communist Party's flagrant disregard for its commitments under the Phase One Agreement—would not only be an economic boon for Beijing, but it would also undermine the Build Back Better agenda that President Biden outlined to Congress in April. Our members, and the Americans they employ, would be the ones who suffer as a result of this gift to China.

Finally, the 301 tariffs are invaluable and provide multiple essential benefits. They have indisputably driven investment in resilient supply chains and sourcing away from China, our primary near-peer adversary. And significantly for the Treasury Department, where sourcing from China continues, our 301 tariffs have had the effect of denying the CCP unjust enrichment while becoming an important source of U.S. government revenue. In their most recent update, U.S. Customs & Border Protection's Office of Trade announced that the U.S. Treasury collected over \$105 billion dollars as a result of the China 301 tariffs alone. This is almost half of the amount our country collects in annual corporate income tax. If you seek to eliminate this income, can you identify where you will make-up the other \$100 billion absent new tax powers from Congress?

As the Biden administration continues to look for policies to ensure the U.S.-China relationship prioritizes the prosperity of American businesses and workers—especially domestic producers—we strongly urge you to reconsider your position. Until China lives up to its commitments and ends its economic warfare against American workers and industry, the Biden administration should not provide an economic boon to the CCP by lowering tariffs.

Thank you for your consideration of this important matter.

Sincerely,



Zach Mottl, Chairman
Coalition for a Prosperous America



Michael Stumo, CEO
Coalition for a Prosperous America