U.S. Chamber of Commerce

1615 H Street, NW
Washington, DC 20062-2000
uschamber.com

December 1, 2021

The Honorable Richard Neal
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Earl Blumenauer
Chairman
Committee on Ways and Means
Subcommittee on Trade
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Vern Buchanan
Ranking Member
Committee on Ways and Means
Subcommittee on Trade
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Neal, Ranking Member Brady, Chairman Blumenauer, and Ranking Member Buchanan:

The U.S. Chamber of Commerce urges you to address several important priorities of the business community. We request that you take action on long-stalled, but traditionally bipartisan, Generalized System of Preferences legislation and the Miscellaneous Tariff Bill, reinstate the administration's largely moribund Section 301 tariff exclusion process, and avoid precipitous action on sweeping legislation to alter U.S. antidumping and countervailing duty (AD/CVD) laws.

For more than four decades, the **Generalized System of Preferences (GSP)** has promoted market-based economic growth in developing countries by providing duty-free access to the U.S. market for select goods. Products imported under GSP generally do not compete with American-made goods in any significant way. More than half of U.S. imports under GSP are raw materials, parts and components, or other inputs relied upon by U.S. companies to produce goods in the United States for domestic consumption or export. GSP also helps American families stretch their budgets by reducing prices of a variety of generally inexpensive consumer goods. New tariff costs likely will exceed $1 billion annually if GSP is not renewed.

The Chamber appreciates that GSP's eligibility criteria provide the U.S. government with leverage to encourage beneficiary countries to protect intellectual property, treat U.S. investors fairly, and improve labor practices. We understand that Members are exploring refinements to these criteria. These revisions could lead foreign governments to conclude that GSP's compliance burdens outweigh its economic benefits. This would undermine the program's viability as a tool to foster trade-based economic development while also failing to advance the new criteria's goals. We encourage lawmakers and leadership to work together on any new GSP eligibility criteria under consideration and reach a balanced approach that will allow the program to be reauthorized this year.

Another trade program that has long enjoyed bipartisan support is the **Miscellaneous Tariff Bill (MTB)**, which temporarily eliminates tariffs on select imported materials. The U.S. International Trade Commission leads a rigorous vetting process established by Congress to confirm that products proposed for tariff relief are not made in the United States or are unavailable in sufficient quantities to meet U.S. manufacturers' needs. The program enhances the competitiveness of American companies and ensures that U.S.-made products can compete in both domestic and foreign markets. Indeed, raising costs for U.S. manufacturers through the application of duties to inputs that are not available from domestic sources only hurts American workers and businesses.

Congress approved the last MTB unanimously in 2018, but it expired at the end of last year. As a result, U.S. businesses are now paying hundreds of millions of dollars in duties on critical inputs that generally are unavailable from domestic sources. The harm is especially significant for small and medium-sized companies, often limiting the ability of such firms to expand production, hire additional workers, or invest in new cost-saving equipment. Finally, as part of this process, Congress must also reauthorize the American Manufacturing Competitiveness Act, which established the transparent and accountable process by which MTBs are prepared and vetted.

A third top trade priority should be **reinstating the Section 301 tariff exclusion process**. The Congressional Budget Office has estimated that U.S. tariffs imposed in 2018-2019 — the overwhelming majority of which are Section 301 tariffs on goods from China — would cost the average American household more than $1,200 in 2020 alone. Multiple studies show that nearly the entire burden of these duties has fallen on U.S. families and companies. The Trade Act of 2021 included language (Section 73001) to reinstate previously granted tariff exclusions that expired last year through the end of 2022. This measure would also require USTR to implement a new product exclusion process beyond the extremely limited one now underway, and it outlines specific criteria for USTR to consider in determining whether to grant an exclusion. Under these criteria, the exclusion process will function in a fair, consistent, and transparent manner and ensure that American workers and businesses do not suffer disproportionate harm because of the tariffs. The Chamber urges the Subcommittee to support this measure to support U.S. workers and companies.

Finally, there are reports the Subcommittee may consider a yet-to-be-introduced version of the "**Eliminating Global Market Distortions to Protect American Jobs Act**" introduced in the Senate by Senators Brown and Portman. The Chamber opposes this bill, which has not been subject to the scrutiny and deliberation required for a complex, far-reaching measure amending U.S. AD/CVD laws. This major overhaul of U.S. trade laws could add to inflationary pressures by raising costs for a wide variety of goods, including many products sourced from U.S. allies and partners.

The bill would fast-track AD/CVD investigations based on the findings of earlier, unrelated cases in a manner that could injure U.S. businesses that had nothing to do with the past cases in question. The bill would change methodologies in ways that would increase tariffs and extend the reach of duties to goods from all producers in a given country in the event a single firm was found to engage in dumping or to receive countervailable subsidies. The bill also glosses over the extremely substantial challenges of determining third-country subsidization contemplated in the bill. In sum, the bill has the potential to favor a handful of businesses at the expense of a much wider swath of industries employing many more American workers, thereby undermining the global competitiveness, productivity, and growth prospects of many more U.S. firms in high-growth sectors.

The U.S. Chamber of Commerce appreciates the opportunity to share these views.

Sincerely,

Neil L. Bradley

cc: Members of the House Committee on Ways and Means