



**Proposed Determination of Action Pursuant to Section 301:
China's Acts, Policies, and Practices Related to Technology Transfer,
Intellectual Property, and Innovation**

Docket No. USTR-2018-0026

TESTIMONY

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The United States Council for International Business (USCIB) welcomes the opportunity to again provide comments and recommendations on the proposed Section 301 tariffs. USCIB promotes open markets, competitiveness and innovation. Our members include top U.S.-based global companies and professional services firms from every sector of our economy, with operations in every region of the world. As the U.S. affiliate of the International Chamber of Commerce, the International Organization of Employers and the Business and Industry Advisory Committee to the OECD, USCIB has a unique global network through which it provides business views to policy makers and regulatory authorities worldwide, and works to facilitate international trade and investment.

USCIB submitted comments on the proposed tariffs of 25 percent on the \$50 billion worth of Chinese imports on May 11, 2018 for Docket No. USTR-2018-0005 as well as on the list of \$16 billion worth of Chinese imports on July 23, 2018 for Docket No. USTR-2018-0018. We are hopeful that the Section 301 exclusion process will remedy some of the potential negative consequences of the tariffs imposed on July 6, 2018 and those going into effect on August 23, and look forward to further opportunities for filing exclusions for any potential future lists of tariffs.

USCIB and its members continue to be very concerned about the potential unintended consequences these proposed tariffs of 10 percent on \$200 billion worth of Chinese imports are likely to have, affecting many sectors vital to the U.S. economy and jobs. Particularly if USTR



follows through on the President's request to increase the level of the proposed tariffs to 25 percent on this broad list of products, the impact to U.S. competitiveness will be severe. USCIB strongly urges the Administration to consider the significant negative consequences to U.S. companies and American jobs before taking further action.

The negative impact of such tariffs to U.S. industry appears disproportionate to the intended purpose of the 301 action. The impact on USCIB members of various industries spans many chapters of the Harmonized Tariff Schedule of the United States (HTS), including Chapters 20, 29, 42, 72, 73, 75, 84, 85, 87 and 94. Goods affected which we ask be removed from the list include but are not limited to: parts in U.S.-made wind turbines, routers, switches, radios, digital baseband, multiplexers, splitters, switch units, smart technology, goods using Bluetooth technology, transmission devices, printed circuit board assemblies, standalone desktop computers, computers without a screen, HDMI cables, video cables, extension cords, auxiliary cords, potassium sorbate, aspartame, sucralose, sorbic acid, apple juice, postage meters, machine parts for postage meters and accessories, bicycles, gas grills, futons, patio furniture, infant and child pack and play, electric lamps, light fixtures, travel goods, and handbags. Further details on these products, including specific HTS Codes will be included in our written submission.

The proposed tariffs on these and other goods will negatively affect the competitiveness of U.S. goods and impede American leadership in the development of innovative technologies. Many of the goods included in this new list are innovative products where the U.S. is an industry leader. Particularly for goods that are at the cutting edge of innovation and the future global economy, it is imperative for U.S. companies to remain highly competitive and innovative. Sweeping non-discriminatory tariffs will be very damaging, particularly if they are raised to 25 percent.

While unfair advantages to Chinese companies such as subsidies are a legitimate threat to U.S. leadership in innovation and high-tech, continued engagement in the Chinese market is also very important for U.S. companies in terms of their ability to be globally competitive. USCIB members are very concerned that these proposed tariffs will stifle the U.S. economy, and not achieve the important goal of changing China's behavior in the space of emerging technologies and intellectual



property rights. China's retaliation and threats of future retaliation further exacerbate uncertainties caused by this new proposed action.

The Administration has indicated that the goal of these tariffs is to bring China to the table, suggesting that the tariffs are the means to the end of a successful negotiation. We urge the Administration to follow through on this objective and engage in a dialogue with China to negotiate an outcome that will improve conditions for U.S. companies operating in China. Thank you for the opportunity to testify, and I look forward to your questions.