



United States Senate
WASHINGTON, DC 20510-0504
<http://feinstein.senate.gov>

June 17, 2019

The Honorable Robert Lighthizer
U.S. Trade Representative
600 17th St. NW
Washington D.C. 20508

RE: Docket Number USTR-2019-0004

Dear Ambassador Lighthizer:

I write to offer public comments on the United States Trade Representative's proposed 25 percent tariff on China, which would be harmful to most Americans and Californians. The question is not whether China has engaged in unfair trade practices such as forced technology transfer and intellectual property theft. They have. The question is whether the broad-based tariffs imposed and proposed by the current administration are the right approach to addressing such issues. They are not, for several reasons.

First, tariffs threaten U.S. jobs and businesses, including so many of those in California that rely on international trade. The ports of Los Angeles and Long Beach, which handle nearly half of the container trade with China, have seen the flow of goods slowed due to the tariffs and the uncertainty surrounding them. I have heard from numerous California companies—small and large—about the pain the tariffs are causing them by disrupting their supply chains and raising their costs of doing business in ways that damage their competitiveness and in some cases, threaten their existence. And as the Peterson Institute for International Economics found, the competitiveness of American companies is further undermined by China responding to U.S. tariffs by lowering tariffs on our global rivals, including Japan, Germany, and Canada.

Tariffs are a tax on *Americans* that are paid by *American* importers and typically passed along to *American* consumers. The Federal Reserve Bank of New

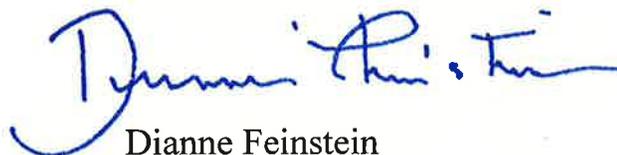
York and the Tax Foundation each estimate that the existing tariffs on China are costing the average family of four well over \$800 per year, and the Tax Foundation estimates that proposed new tariffs would increase that cost to nearly \$2,000 per year. In addition, the Tax Foundation is among a number of experts who find that the costs of tariffs tend to fall most heavily on those with the lowest incomes who least can afford to pay them. This is largely because the tariffs raise prices on essential goods, from food to clothing to household products that everyone needs.

Our trade wars have led to retaliatory tariffs from our trading partners as well. An assessment by the Brookings Institution showed that such tariffs on U.S. exports had already affected about 650,000 U.S. jobs by last fall and did not account for escalations since then. Agriculture, one of California's top exports, is hit especially hard by these retaliatory tariffs. If the U.S. moves forward with additional tariffs on China, further damaging action against U.S. exports is likely to follow.

There is little question that tariffs harm U.S. consumers and businesses. A recent International Monetary Fund paper summarized the consensus of economic thought that "tariff increases are associated with persistent economically and statistically significant declines in domestic output and productivity, as well as higher unemployment and inequality," and do not significantly alter trade balances. A Trade Partnership analysis of U.S. Census Bureau data found that existing tariffs reduce the value of the U.S. GDP by 0.37 percent annually, and have a net negative effect on U.S. jobs of nearly 935,000, meaning that the cost to the economy of each new job created by the tariffs has cost nearly half a million dollars.

The primary impact of the proposed tariffs will be to damage our own citizens, businesses, and economy. I urge you to pursue alternative approaches to address real trade issues with China.

Sincerely,



Dianne Feinstein
United States Senator