

United States Senate

WASHINGTON, DC 20510

August 16, 2018

Ambassador Robert Lighthizer
Office of the United States Trade Representative
600 17th Street NW
Washington, D.C. 20508

Dear Ambassador Lighthizer:

We ask that you reconsider the Administration's proposed tariffs on consumer electronics and electronic components imported from China under Section 301 of the *Trade Act of 1974*.

While we agree with the findings of your office's recent investigation into China's unfair industrial policies and outright theft of American intellectual property, we are concerned that the Administration's trade actions are counterproductive to its goal of ensuring a level playing field for American companies.

Many American companies in this sector have complex global supply chains, and are unable to quickly reconfigure their supply chains to shift sourcing away from China without significant and costly disruptions to their operations. This is particularly true for small businesses. Meanwhile, tariffs imposed on equipment and parts will cause an increase in production costs for companies with U.S.-based manufacturing or assembly operations. Rather than support American businesses and workers, the Administration's tariffs will give foreign competitors an edge in both domestic and international markets.

These tariffs would be particularly harmful for California, which has the country's largest consumer electronics sector. The industry contributes \$438 billion each year to California's economy and directly employs over 900,000 workers in the state. Over 80,000 of these jobs are supported by exports. American consumer electronics companies, including South Carolina-based Element TV, have already laid off workers as a result of the Administration's tariffs. Many more jobs would be put at risk if the Administration continues to escalate its trade war with China.

At the same time that tariffs would hurt American businesses and workers, they would also raise consumer prices. According to a study conducted by the Consumer Technology Association and the National Retail Federation, tariffs on the \$50 billion in Chinese imports on Lists 1 and 2 would raise the prices of televisions and other basic consumer electronics by 23%. American consumers would see higher costs for

an even wider range of consumer electronics if the Administration follows through with its threat to impose a 10% or 25% tariff on \$200 billion in goods from China.

We urge the Administration to rethink its escalating tariffs and instead urgently convene negotiations with China on its discriminatory industrial policies and intellectual property practices.

Sincerely,



Dianne Feinstein
United States Senator



Kamala D. Harris
United States Senator