



american cleaning institute®  
for better living



September 6, 2018

The Honorable Robert Lighthizer  
United States Trade Representative  
600 17th Street, NW  
Washington, D.C. 20508

Dear Ambassador Lighthizer:

The undersigned organizations representing suppliers and manufacturers of personal care and household products are writing to voice our deep concern with USTR's July 10 proposal to add a 10 percent *ad valorem* duty on numerous products and ingredients used by our industry ("List 3"), as well as your August 1 announcement that the United States is considering further increasing the proposed tariffs on these goods to 25 percent. These tariffs will disrupt global supply chains, increase costs for hard working Americans and jeopardize economic gains achieved through tax reform.

While we share the Administration's serious concerns with China's unfair trade policies and practices, we urge a measured, commercially-meaningful enforcement actions that are consistent with international obligations and benefits U.S. manufacturers. The proposal to impose tariffs on List 3 products and ingredients will penalize American manufacturers and consumers while doing little to address China's unfair practices.

We respectfully submit that additional duties on many of the products our industry imports from China are unlikely to accomplish the laudable goal of reducing or eliminating China's harmful intellectual property and technology transfer practices. We note that the listed components and ingredients used in the manufacture of personal care and household products are not relevant to China's "Made in China 2025," which we understand is one of the key targets of these enforcement actions.

The consumer packaged goods industry employs 2.1 million Americans in 30,000 communities across the United States and is the largest source of employment in U.S. manufacturing. These manufacturers have spent decades developing complex supply and distribution networks that rely on imports from and exports to China. The proposed tariffs will unduly raise costs for U.S. manufacturers of personal care and household goods who rely on Chinese ingredients to produce their products, while making it harder to export U.S. products to lucrative overseas markets like China.

With 95 percent of consumers living outside of the U.S., it is vitally important to maintain these overseas markets and avoid policies that decrease American competitiveness. Many of our foreign competitors will still have access to Chinese suppliers tariff free and the Chinese market. This will provide them with an economic advantage when sourcing components compared to U.S. firms and provide them the opportunity to achieve market share in the Chinese and other international markets because of their cost competitiveness with U.S. goods.

Following your August 1 statement, China confirmed that List 3 tariffs will also induce further damaging retaliations against U.S. manufacturers who are already facing onerous retaliation from foreign trading partners, including some of our closest allies. If List 3 is implemented as proposed, we further request the administration immediately announce and implement a transparent, efficient approach to product exclusions, including by incorporating requests made by multi-industry coalitions for improvements to the exclusion process for “List 1” detailed in USTR’s Federal Register Notice dated July 11.

It is critically important that the administration urgently resolve the current course of escalating tariffs and retaliation which threatens to seriously harm U.S. consumers, exports, and jobs at a time when President Trump has expressed his desire to achieve the opposite. Any increase in costs of these common household items will be felt by all Americans, but most acutely by low and middle-income consumers. At a time when the Administration has worked so hard to advance tax reform, higher prices for consumers and manufacturers resulting from these tariffs will hinder domestic economic gains while doing little to punish Chinese bad practices.

Thank you for your efforts to support manufacturing in America. We look forward to working with you on solutions that minimize harm to this important sector of the U.S. economy.

Sincerely,

Grocery Manufacturers Association

American Chemistry Council

American Cleaning Institute

Personal Care Products Council

Household & Commercial Products Association

Fragrance Creators Association