

**Citizens Trade Campaign • Communications Workers of America  
Public Citizen • ReThink Trade • United Brotherhood of Carpenters  
United Steelworkers**

February 2, 2022

Dear Representative/Senator,

As Congress considers its approach to improving U.S. economic resilience, we write to voice our support for the trade title of the H.R. 4521 *America COMPETES Act of 2022* recently introduced in the House while also expressing our concerns with provisions added to the S. 1260 *U.S. Innovation and Competition Act of 2021 (USICA)* shortly before it was passed in the Senate.

While both bills include critical support for domestic microchip production designed to strengthen U.S. innovation and build critical domestic chip production and supply chains, the House of Representatives have taken a more comprehensive approach to promote the worker-centered trade policy that the Biden administration is pursuing, benefiting U.S. workers and firms while enhancing U.S. national and economic security interests.

Unfortunately, aspects of the Senate bill would negatively impact the U.S. manufacturing sectors, and increase U.S. overreliance on China for imports of critical goods. We understand that many of these damaging trade terms were added at the insistence of a few Senate Republicans, some of whom proceeded to oppose the legislation anyway.

The House's *America COMPETES Act* includes a trade title, which among other things, would:

- **Reauthorize and strengthen Trade Adjustment Assistance (TAA)** in order to provide improved job retraining benefits and other support to trade-displaced workers in a wider range of professions and communities than past iterations of the TAA program. TAA will terminate after this year if it is not reauthorized and lack of action to date means the program is now operating at half its normal scope and workers who lose their jobs to adverse Chinese trade do not currently qualify for these benefits.
- **Reform the Generalized System of Preferences (GSP) program to strengthen worker rights and newly add environmental standards.** The strengthened labor eligibility standards would better protect against violence against trade unionists and other labor rights violations; new environmental language and terms on the advancement of women's economic empowerment were added for the first time; and new language on human rights and anti-corruption was imported from the Africa Growth and Opportunity Act.
- **Stop abuse of the “de minimis” loophole that allows Chinese forced labor products, dangerous and counterfeit goods and trade-enforcement-cheating imports to evade detection and enter the United States duty-free.** This provision fixes serious trade enforcement and consumer safety problems that have arisen after the 2015 decision to raise the value of imports from \$200 to \$800 that can enter the United States “informally” without

meeting normal Customs rules. The 2015 change generated a tidal wave of such “de minimis” imports with more than two million express air packages of goods ordered online arriving daily under de minimis rules that allow this flood of imports to skirt inspection, taxes and applicable trade enforcement tariffs or seizure. COMPETES closes this loophole for goods coming from non-market economies, like China.

- **Promotes greater supply chain resilience and less U.S. reliance on Chinese imports** by requiring a government review of how critical supply chains have been offshored, and enabling the U.S. Trade Representative to potentially stop certain harmful forms of offshoring-related investments by U.S. corporations. COMPETES also changes the Miscellaneous Tariffs Bill (MTB) process going forward so as to exclude finished products from the regulatory process that can result in unilateral tariff cuts or suspensions. The concept of an MTB is to provide tariff cuts for inputs needed by U.S. manufacturers that are not made domestically and this improvement ensure that the practice of compiling products meets that standard and thus strengthens domestic supply chains not undermines them with unilateral tariff suspensions on imported finished products that compete with U.S. goods.
- **Strengthens and updates anti-dumping and counter-vailing duty law** to ensure robust enforcement against trade cheating and better protect American workers and businesses from unfair competition.

The trade title of the House bill merits strong support, in contrast to segments of the trade title of USICA. USICA includes the following counterproductive terms:

- **New duty-free access into the United States for Chinese-made PPE, medicines, and other medical goods in direct contradiction to the Biden administration’s critical supply chain review program and the core provisions of USICA that promote domestic manufacturing of these goods and require government procurement of U.S.-made PPE and medical supplies:** The so-called Toomey Amendment would require unilateral U.S. tariff zeroing on an expansive list of goods from PPE and medicines to industrial steel barrels and other goods seemingly unrelated to the provision’s ostensible focus on COVID-19 related goods. This includes elimination of Section 301 and other penalty tariffs. These terms would increase U.S. overreliance on imports of critical medical and other goods needed to respond to crisis, which would undermine a core goal of USICA.
- **A Miscellaneous Tariffs Bill (MTB) that provides new duty-free access for finished goods imported from China (not just for parts and inputs that are unavailable domestically) and extends that policy into the future:** The MTB included in USICA provides new duty-free access to 1,430 goods, including car parts, heaters and air conditioners, microwaves and other appliances, fitness machines, lighting, suitcases, pianos and more and would allow for future such unilateral tariff reduction on finished goods, which undermines USICA’s goal of rebuilding domestic manufacturing capacity.
- **A Big Tech Special 301 process to constrain digital governance and thwart pro-worker, pro-consumer and anti-monopoly efforts:** Congressional Democrats have long sought enhanced enforcement of labor rights through the “Special 301” process, which tasks the

Office of the U.S. Trade Representative (USTR) with monitoring other nations' practices and sanctioning the worst offenders. Instead, this bill would establish a Special 301 review process for Big Tech, requiring a team at USTR to monitor other nations' digital governance policies and issue annual reports designating pro-consumer, pro-worker, pro-privacy, and pro-competition policies and proposals as illegal trade barriers. Nations that maintain such policies would be subject to Section 301 investigations and sanctions. Instead of promoting labor rights and consumer protections in the digital sphere, this provision would undermine the best public interest protections around the world.

- **More opportunities to evade tariffs on unfairly-traded subsidized Chinese imports:** This bill would open a new process for importers to petition to exclude goods from the Section 301 tariff penalties now in place.
- **Renewal of the Generalized System of Preferences (GSP) without the improved labor rights included in the House version of the legislation.**

Reconciling the two bills will require honest conversations over how Congress can best help workers, consumers, and domestic manufacturers while pressing back against the worst of China's economic and social model. We urge you to ensure that any final "China" package incorporates provisions such as those added to the trade title in the COMPETES bill while limiting the above segments in USICA.

Sincerely,

Citizens Trade Campaign

Communications Workers of America

Public Citizen

ReThink Trade

United Brotherhood of Carpenters

United Steelworkers