

October 24, 2018

President Donald J. Trump
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President,

As the trade association for America's largest and most innovative retailers, the Retail Industry Leaders Association (RILA) applauds your decision to meet directly with President Xi Jinping in November to press for a fair resolution with China. Fostering an open dialogue, and your direct engagement with President Xi, is vital to resolving this trade dispute and ensuring it does not undermine our nation's record-setting economic expansion and hurt American families. We stand ready to partner with you as you seek an outcome that ensures fair trade and benefits American consumers and the 42 million American workers within the retail supply chain.

Retailers are the backbone of Main Street America and are the front line of the U.S. economy. Our industry serves millions of customers each day, creates millions of American jobs, and in the wake of national disasters, help communities as they rebuild and recover.

America's retailers support your Administration's efforts to ensure that our trading partners abide by the rules. Chinese companies that infringe upon American intellectual property rights and utilize tactics that undermine American companies cannot be tolerated. Using targeted trade actions against intellectual property theft, unfair dumping or subsidies, and other proven trade violations are solutions we fully support. However, retailers are concerned about the broad application of section 301 tariffs on common consumer products. While we appreciate that some product categories were removed through the USTR comment process, thousands more continue to face tariffs, especially given the lack of product exclusion process for the most recent round of imposed tariffs. We worry about the long-term negative impact these tariffs will have on American families and our nation's economy. Therefore, we urge the Administration to do more to alleviate the pressure of the tariffs on American families.

Razor-thin margins give retailers very little room to absorb the tariffs without passing some cost on to consumers. In particular, we are concerned that the January 1 increase from 10 percent to 25 percent on \$200 billion worth of common everyday items will ultimately have a harmful impact on the household budgets of millions of American families. Further, potentially applying tariffs to an additional \$267 billion worth of products under Section 301 would undoubtedly negatively impact consumer spending and dampen our economy. Tariffs must not be an end in and of themselves.

As you prepare to meet with President Xi, we stand ready to provide you with support in helping you reach an agreement that achieves our shared goals before tariffs slow our economic growth and hurt American families.

Thank you again for your leadership.

Sincerely,



Sandra L. Kennedy
President