



March 11, 2025

Ambassador Jamieson Greer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

RE: Comments To Assist in Reviewing and Identifying Unfair Trade Practices and Initiating All Necessary Actions To Investigate Harm From Non-Reciprocal Trade Arrangements (Docket USTR-2025-0001)

Dear Ambassador Greer:

On behalf of the National Retail Federation, and pursuant to the Federal Register notice published by the Office of the U.S. Trade Representative, I am submitting comments with regards to “Comments To Assist in Reviewing and Identifying Unfair Trade Practices and Initiating All Necessary Actions To Investigate Harm From Non-Reciprocal Trade Arrangements (Docket USTR-2025-0001).”

NRF, the world’s largest retail trade association, passionately advocates for the people, brands, policies and ideas that help retail succeed. NRF empowers the industry that powers the economy. Retail is the nation’s largest private-sector employer, contributing \$5.3 trillion to annual GDP and supporting one in four U.S. jobs — 55 million working Americans. For over a century, NRF has been a voice for every retailer and every retail job, educating, inspiring and communicating the powerful impact retail has on local communities and global economies.

First and foremost, NRF supports President Trump’s agenda to lower taxes, reduce regulation and promote affordable American energy sources. We believe they are a critical mix of efforts that could help U.S. businesses compete and thrive. They will also help benefit workers and consumers. We must do everything we can to continue to fight inflation and lower prices for everyday household goods. Unfortunately, we believe that high, across-the-board tariffs will undermine the economic growth signaled by the other features of the president’s agenda and have lasting negative consequences for consumers and workers. If the goal of reciprocal tariffs is to enter into negotiations to remove barriers to trade, this will unlock economic growth and reduce prices for consumers. However, if the goal is primarily to raise tariffs, then the opposite is true.

Our trading partners must live up to their commitments under a variety of trade agreements. We must also continue to pursue strategies to ensure fair treatment for U.S. products in foreign markets. This is important for retailers that operate traditional bricks-and-mortar or ecommerce operations in foreign markets. Those operations serve as an important platform for U.S.-grown and-manufactured goods to reach those foreign markets.

The administration must recognize, however, that supply chains are complex and global in nature. They are shaped by a variety of factors, including access to factory capacity, availability of a skilled workforce and raw materials, infrastructure and logistics considerations. Sourcing decisions can take months or years to implement, and supply chains are optimized for cost and efficiency. Supply chains cannot be moved quickly without risking sharply higher costs, which will ultimately result in slower growth, higher consumer prices and lost jobs.

The Section 301 China tariffs under the first Trump administration did contribute to an acceleration of supply chains “de-risking” and diversifying away from China, but those changes did not all occur immediately. Supply chain diversification efforts continue to occur today. It is important to acknowledge that confusion over future tariff plans in markets outside of China has caused companies to slow these efforts.

U.S. retailers are eager to source more of their products domestically. Local sources can shorten the time it takes to respond to market changes, for example, and sourcing locally can reduce transportation costs. For these reasons, many of our retail members work to foster relationships with American manufacturers whenever possible. However, the cost to construct factories in the U.S. to replicate foreign supply chains for non-strategic consumer goods would be enormous and would take many years to accomplish. This would dramatically increase the price of these basic consumer goods for American consumers and create relatively few high-paying factory jobs in today’s largely automated modern factories. Furthermore, high tariffs are not likely to encourage cost-competitive American sources. Take the example of the U.S. steel industry, which announced domestic price increases even before the latest steel tariffs are set to take effect.¹

If the administration is aiming to revitalize American manufacturing, it must provide clear direction on how it plans to make domestic production more competitive. That includes addressing high material costs and ensuring that businesses can access the resources they need at a fair price. Retailers are more than willing to support American-made products, but without a viable framework that allows domestic industries to compete on a global scale, they are left with little choice but to source internationally.

Reciprocal Tariffs – Need for Clarity

As the administration undergoes the exercise to evaluate reciprocal trade relationships and the potential for reciprocal tariffs, it is difficult to comment because there is a great deal of uncertainty regarding exactly what potential “reciprocal” tariffs will mean. If the end goal of a reciprocal plan would be to lower tariffs or even go to a zero-for-zero tariff regime, it would be a significant benefit to the U.S. economy. There are plenty of areas where U.S. tariffs are actually much higher than our trading partners, for example, especially when you look at U.S. tariffs on low value apparel and footwear. These regressive tariffs hurt low- and middle-income consumers the most. In addition, the new sector-specific tariffs on steel and aluminum and potential tariffs on lumber/timber, copper, agricultural products, pharmaceuticals and semiconductors, and other proposed tariffs will drive those U.S. tariff rates much higher than our trading partners.

¹ [Looming Trump Tariffs Raise US Steel Costs](#), Transport Topics (2/28/25)

While there are continuing references to “if they charge us, we will charge them,” it is very difficult for businesses, especially retailers, to plan, prepare and comment on this. Is USTR considering a country-wide tariff or looking at tariffs on an HTS-by-HTS line item? We strongly suggest reciprocal tariffs be used as a targeted tool for specific goods where there is an imbalance, and the U.S. has the capacity to manufacture and export goods into a targeted country. Otherwise, they will be both ineffective and be incredibly difficult to implement. The challenges facing companies to classify (and likewise, for U.S. Customs and Border Protection to administer such a program) will be immense, if it is not limited to a targeted number of HTS line items.

As the administration evaluates unfair trade practices and non-reciprocal trade agreements, it is important for USTR to recognize that not every situation with our trading partners is an unfair trade practice. One such issue that we would like to raise is the ongoing reference to a Value Added Tax as a trade barrier or unfair practice. We believe that the discussion of a VAT in this manner is misleading and inaccurate and agree with the Tax Foundation’s assessment ²of the European VAT. VATs are not tariffs. The VATs as applied by our trade partners do not treat U.S. goods or travelers differently from the good or services from other countries. Despite the appearance of subsidizing exports and punishing imports, however, a border-adjusted VAT is trade-neutral. Countries that have VATs apply them to both domestically produced goods and imported products. There is no discrimination or unfair trade practice, therefore, resulting from imposition of a VAT. With that, we would argue that a country’s VAT should not be considered an unfair trade practice and subject to a “reciprocal” tariff.

The administration should also consider the potential for retaliation from our trading partners on any reciprocal tariffs that are established. We are already witnessing our trading partners respond to strong tariff actions by the administration. This will further impact our farmers and manufacturers who are looking to gain access to those foreign markets. For any “reciprocal” trade proposal that is put forward, we ask the administration to consider a process for notice and comment that provides ample time for industry feedback on the proposals. We also call upon the administration to include a fair and transparent exclusions process as part of any tariff proposal. This is especially important for non-strategic goods that are not produced in the United States.

Non-Strategic Goods

As the administration continues to pursue its America First Trade Policy, we urge the administration to be strategic about this effort. We need to focus on key high-priority sectors where it makes sense to return manufacturing home or areas where there is strategic competition. High tariffs on everyday household goods, which could raise consumer prices, should not be the focus of such a policy. Not only does the blanket and indiscriminate use of tariffs introduce decision-making paralysis and slow supply chain migration away from China, but the current rhetoric regarding tariffs and recession is starting to have a chilling effect on consumer sentiment. We are already seeing an impact with consumer confidence starting to drop as consumers become more concerned about price increases from tariffs, and our members report that shoppers are reducing purchases of non-essential items over

² [The European VAT is Not a Discriminatory Tax Against US Exports](#), Tax Foundation (2/12/25)

fear that higher prices will sap their spending power. As such, we would urge that non-strategic everyday consumer goods as well as food products be excluded from reciprocal tariffs.

If reciprocal tariffs are so high that most Americans cannot afford retail goods, this will lead to lost sales and potential store closures and lost jobs from the nation's largest private-sector employers. These actions would significantly impact the economy at large. We recognize that it is a stated goal of the administration to create a "production economy," though such a transformation will not take place overnight. In fact, it would take many years. Many companies, especially smaller retailers, are not able to withstand significant additional tariff increases. Nor do they have the ability to shift their supply chains. Furthermore, today's economy is very different than the 2018-19 economy when President Trump first initiated tariffs. Price increases did occur, but many companies were able to absorb some of the cost as a result of the significant tax savings they received with the passage of the Tax Cuts and Jobs Act. The savings from a reduction in the corporate tax rate to 21% were allocated to investments in technology, workforce and remaining price competitive.

It is important to note that the same economic situation does not exist today. While these companies continue to benefit from the lower corporate tax rate, they are not in a position again to use the savings to mitigate tariffs costs. That was unique to when the tax rate was first lowered. Retailers, both large and small, have told NRF that blanket tariffs will result in increased costs for their consumers. Small retailers are especially concerned³ that those increased costs could lead to lost sales and potential store closures.

Conclusion

The United States needs a smart, targeted approach to our economic competition with our trading partners, especially China. We need to work with our allies to promote fair terms for mutually beneficial trade and bring home the manufacturing capacity of the most strategic industries. We need to avoid policies that will result in significantly increased costs for U.S. businesses, especially retailers. Those costs will ultimately be borne by consumers, which could lead to a pullback and shift in overall consumer spending, resulting in store closures, job losses, and quite possibly an economic recession.

NRF appreciates the opportunity to submit comments for this review. If you have any questions, please let me know.

Sincerely,



David French
Executive Vice President
Government Relations

³ [Small retailers react to threat of new tariffs](#), NRF blogpost (12/3/24)