



April 13, 2006

Lisa Barton  
Secretary to the Commission  
United States International Trade Commission  
501 E Street, SW  
Washington, DC 20508

**RE: Notice of Request for Public Comments on Investigation of the Effects on the U.S. Economy of Revoking China's Permanent Normal Trade Relations Status (Inv. No. 332-609)**

On behalf of the National Retail Federation (“NRF”) and pursuant to the [Federal Register notice](#) published by the United States International Trade Commission regarding the above-referenced investigation, we are submitting the following written comments on the potential impact of revoking China’s permanent normal trade relations status on the American retail industry’s ability to provide customers with a wide variety of products at affordable prices. As the industry that most American families directly use to purchase consumer goods imported from China and across the globe, we are especially qualified to provide the Commission with an assessment of the potential impacts of the application this tariff change will have on consumers.

**I. Introduction**

[NRF](#) passionately advocates for the people, brands, policies and ideas that help retail succeed. 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. NRF empowers the industry that powers the economy. 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.

These comments focus on the potential impacts to trade, production and prices if China's PNTR status is revoked and the rates of duties in column 2 of the Harmonized Tariff System of the United States are imposed on consumer goods. As explained below, the added costs to most consumer goods purchased by families from retailers would increase at a time when families are already financially vulnerable.

## **II. Analysis**

The House of Representatives Committee on Appropriations report language accompanying the Commerce, Justice, Science; Energy and Water Development; and Interior and Environment Appropriations Act 2026, which directed the Commission to undertake this study, does not suggest the baseline tariff rates onto which the column 2 tariffs would be imposed. The Commission's assessment of effects on the economy would vary, perhaps considerably, depending on that baseline. In addition, it is important to note that the report language did not include an assessment of the impact that U.S. companies would face if China were to eliminate its commitments made to the U.S. in order to join the World Trade Organization, and impose comparable duties on U.S. exports. Those commitments are based upon receiving PNTR. Retaliation is likely and would have a significant impact on the Commission's analysis.

If the Commission chooses to assess the probable economic effects of the application of Column 2 tariffs compared to the application of Column 1 tariffs plus tariffs imposed on imports from China under Section 301, two studies may be helpful to guide this comparison.

First, a [report](#) prepared by Oxford Economics for the U.S. China Business Council in 2023 examined the economy-wide impacts of the imposition of tariffs prevailing in 2022 (i.e.,

including tariffs imposed under Section 301) on Chinese imports (baseline tariffs averaging 19%), to Column 2 duty rates levied on top of these tariffs (to total duties and tariffs averaging 61%), both with and without retaliation from China. Oxford concluded that the overall net impact in U.S. GDP (in 2022 prices) would range from \$1.6 trillion loss over five years (no retaliation) to \$1.9 trillion loss over five years (with retaliation). There would be 744,000 fewer U.S. jobs (no retaliation) to 801,000 fewer U.S. jobs (with retaliation). Costs to U.S. producers would increase by 4%; costs to U.S. consumers would increase by 1.2%.

Second, a [report](#) prepared by Trade Partnership Worldwide (TPW) for the National Retail Federation in 2023 estimated the impacts of the imposition of Column 2 duty rates on top of Section 301 tariff rates assessed on imports from China on costs of five consumer products found in nearly every American home – apparel, footwear, furniture, household appliances and toys. TPW found that the loss of PNTR for China on **these five products alone** would reduce consumers’ spending power by nearly \$31 billion, or \$240 per household. This extra cost would hit low-income households especially hard. Price increases for the products would range from just under 2% to over 21%.

Estimated Impacts on Consumers of Termination of PNTR for China

Product Category*	Increase in Consumer Price	Total Annual Value of Lost Consumer Spending Power Due to Higher Prices	“Hit” per Household
Toys	+21.4%	-\$12.2 billion	\$93
Furniture	+4.0%	-\$6.4 billion	\$49
Apparel	+1.8%	-\$5.2 billion	\$40
Household Appliances	+6.8%	-\$5.2 billion	\$40
Footwear	+4.6%	-\$1.9 billion	\$15

\* Categories are based on the Harmonized Tariff Schedule of the United States (HS), refined in some cases by the North American Industry Classification System (NAICS), as follows: Apparel (HS 61 and HS 62), Footwear

(HS64), Furniture (NAICS 337 concorded HS categories), Household Appliances (NAICS 3352 concorded HS categories), and Toys (NAICS 339930 concorded HS categories).  
 Source: Trade Partnership Worldwide, LLC

NRF believes an assessment of the economic effects of the imposition of Column 2 duties on top of Column 1 duties, plus those imposed on imports from China under Sections 301 and 232 and the International Economic Emergency Powers Act (IEEPA)<sup>1</sup>, would also find significant net negative impacts, particularly on many products of importance to American households. Tariff rate increases will be substantial, as shown in the table below. For categories like toys, the effective tariff rates would nearly quadruple above the already-high effective rate faced in 2025, which has a current (base) Column 1 rate of 0% but is inflated by the additional Section 301 and IEEPA tariffs. Apparel and travel goods could face effective tariff rates of around 100%.

Comparison of Current Tariffs to Potential Tariffs Should PNTR for China Be Revoked

Product Category*	Trade Weighted Tariff Rates, 2025**	Potential Tariff Rates with Loss of PNTR***	Difference (Percentage Point Increase)
Toys	22.2%	84.4%	+62.2%
Apparel	42.9%	102.8%	+59.9%
Furniture	51.6%	81.5%	+39.9%
Travel Goods	58.0%	95.9%	+39.8%
Household Appliances	32.9%	68.4%	+35.5%
Footwear	32.6%	55.0%	+22.4%

\* Categories are based on the Harmonized Tariff Schedule of the United States (HS), refined in some cases by the North American Industry Classification System (NAICS), as follows: Apparel (HS 61 and HS 62), Footwear (HS64), Travel Goods (HS 4202), Furniture (NAICS 337 concorded HS categories), Household Appliances (NAICS 3352 concorded HS categories), and Toys (NAICS 339930 concorded HS categories).

\*\* Column 1 tariffs plus Sections 301 and 232 tariffs plus IEEPA tariffs.

\*\*\* Column 2 tariffs plus Sections 301 and 232 tariffs plus IEEPA tariffs.

Source: Trade Partnership Worldwide, LLC

<sup>1</sup> The Commission will need to undertake its analysis using 2025 trade data, which reflects the imposition of IEEPA tariffs. Even though the Supreme Court has ruled those tariffs illegal and the Administration is in the process of refunding the duties paid, the President has imposed “replacement” tariffs of 10% under Section 122 of the Trade Act of 1974, as amended, and begun the process under Section 301 of the Trade Act of 1974, as amended, of imposing higher tariffs to replace Section 122 tariffs with China as the subject of two additional Section 301 investigations (alleged production surplus and forced labor). Therefore, the Commission’s assessment would likely best reflect the economic effects of the revocation of PNTR for China prevailing in 2026 and subsequent years by examining the differences in all tariffs imposed in 2025.

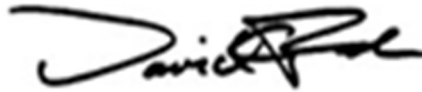
NRF members, especially the nation's small retailers, are not in a position to absorb these double-digit cost increases. Moreover, much of the production that could leave China to avoid higher rates already has moved. What remains in China are the products where cost-competitive alternatives are hardest to find, especially since other countries are likely to face additional Section 301 tariffs as well. There are also concerns that some companies, especially small retailers, may no longer be able to afford to import these products with still higher tariffs imposed on them. If the products are not available elsewhere for affordable prices (especially with the potential for additional tariffs), such products may no longer be available to consumers, which may lead to reduced options, potential empty shelves or very high prices for any remaining products that are available. That means American consumers will bear the brunt of the additional costs. Commission modeling should incorporate these facts in its model parameter assumptions.

### **III. Conclusion**

The weight of current research on the probable economic effects of the loss of application of PNTR tariff treatment for all products from China is that it would impose sizable costs to the U.S. economy. Those costs would amplify if China were to retaliate against U.S. exports. NRF members expect the Commission's assessment of the probable economic effects of this significant change in tariffs on imports from China in the current tariff environment to continue to show significant net negative impacts to American consumers, particularly in an economic environment characterized by retailers' (and others in the supply chain) inability to absorb any of the additional tariff cost increases.

NRF appreciates the opportunity to provide comments on this matter. If you have any questions, please contact me or [Jonathan Gold](#), NRF's vice president of supply chain and customs policy.

Sincerely,

A handwritten signature in black ink, appearing to read "David French". The signature is stylized with a large, sweeping initial "D" and a cursive "French".

David French  
Executive Vice President  
Government Relations

### **Summary for Inclusion in the Report**

NRF believes an assessment of the economic effects of permanent normal trade relations tariff status for China will find significant net negative impacts, particularly for consumers. Tariff rate increases will be substantial for consumer goods found in nearly every household. For categories like toys, the effective tariff rates would nearly quadruple above the already-inflated effective rate faced in 2025, which has a current base tariff rate of 0% but includes as well tariffs imposed under Sections 301 and 232 as well as the International Economic Emergencies Act. Apparel and travel goods could face effective tariff rates of around 100%. Small retailers are not in a position to absorb these double-digit cost increases. Moreover, much of the production that could leave China to avoid higher rates already has moved. What remains in China are the products where cost-competitive alternatives are hardest to find, especially since other countries are likely to face additional Section 301 and 232 tariffs as well. If the products are not available elsewhere for affordable prices, they may no longer be available to consumers, which may lead to reduced options, potential empty shelves or very high prices for any remaining products that are available. That means American consumers will bear the brunt of the additional costs. Commission modeling should incorporate these facts in its model parameter assumptions.