

April 15, 2026

The Honorable Jameison Greer
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Re: NRF Comments on Initiation of Section 301 Investigations: Acts, Policies, and Practices of Certain Economies Relating to Structural Excess Capacity and Production in Manufacturing Sectors (USTR-2026-0067)

Dear Ambassador Greer,

The National Retail Federation appreciates the opportunity to submit comments in response to the Office of the United States Trade Representative's Section 301 investigation concerning acts, policies and practices related to structural excess capacity and production in manufacturing sectors. We strongly support efforts to address unfair and non-market practices that distort global trade and burden U.S. commerce. At the same time, it is essential that any findings or potential remedies be carefully calibrated to reflect economic realities, sector-specific conditions, and the interests of U.S. consumers and downstream industries.

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.

In many manufacturing sectors, global production patterns have developed to take advantage of unique characteristics offered by sectors, industries or producers in countries, and even within countries. U.S. apparel manufacturing largely migrated outside the United States over decades to take advantage of abundant and talented labor supplies in, for example, Bangladesh. Similarly, U.S. steel production migrated from northern U.S. states to southern U.S. states for the same reasons. Such changes have naturally led production to concentrate in certain economies. Trade flows arising from these conditions should not be conflated with structural excess capacity, absent clear evidence of sustained non-market interventions that artificially suppress domestic consumption or expand exports beyond market demand.

Consumer Goods and U.S. Demand Realities

A critical consideration in this investigation is the role of consumer goods sectors such as apparel, footwear, consumer electronics, toys and furniture, which are central to the daily needs of U.S. households. These sectors are characterized by rapid product cycles, high seasonal

demand and labor-intensive production processes that the United States does not maintain at scale.

The United States does not produce apparel, footwear or most consumer electronics in quantities sufficient to meet domestic consumer demand. This reflects long-standing structural economic conditions, not unfair foreign practices. Imports in these categories consistently fill the gap between U.S. production capacity and U.S. consumption needs.

While there certainly are pockets of U.S.-produced goods in these categories, U.S. workers are, for the most part, not interested in the types of jobs that would be needed to produce these goods at scale to meet U.S. demand. Such jobs involve repetitive tasks, detail-focused work and pressure to meet output targets on short deadlines — and typically pay below-average wages — to maintain cost competitiveness in the U.S. market. President Trump has recognized that it is not in the U.S. economy’s interest to bring these jobs back to the United States. According to a Reuters report in May 2025, the president told reporters during an Air Force One flight: “We’re not looking to make sneakers and T-shirts. We want to make military equipment. We want to make big things. We want to do the AI thing with computers.... I’m not looking to make T-shirts, to be honest. I’m not looking to make socks. We can do that very well in other locations. We are looking to do chips and computers and lots of other things, and tanks and ships.”¹

The fact that the production of these important consumer products now takes place largely outside the United States is a natural evolution of supply that reflects not only relative wage rates and other supply cost factors, but also the desire of U.S. workers to work in sectors or industries that make goods better suited to their skill sets. It is not an indicator of foreign government intervention that has led to structural overcapacity.

Sourcing Diversification Undermines Claims of Overcapacity Dumping

A defining feature of U.S. consumer goods supply chains is deliberate sourcing diversification across many countries, not a concentration in a single exporting economy. While China became the dominant supplier for many different types of consumer goods in the 2000s, factors such as rising wage costs led retailers to begin seeking alternatives in the 2010s. Section 301 tariffs on China, and the supply chain disruptions associated with the COVID-19 pandemic, accelerated efforts to establish multiple sources for any given product. This diversification is inconsistent with traditional dumping dynamics, which typically involve sustained export surges from a narrow set of producers or jurisdictions.

A. Apparel: Highly Dispersed Global Sourcing

U.S. apparel imports are sourced from dozens of countries across Asia, the Western Hemisphere and other regions, with no single country dominating overall supply. OTEXA-based analyses show that U.S. apparel sourcing exhibits low concentration levels and has continued to

¹ “Trump Says US Wants To Make Tanks and Ships, Not T-Shirts,” Reuters, May 25, 2025, <https://gcaplain.com/trump-says-us-wants-to-make-tanks-and-ships-not-t-shirts/>.

diversify over time in response to cost volatility, geopolitical risk, compliance considerations and supply-chain resilience objectives. This buyer-driven diversification reflects market discipline and consumer demand, not producer-driven export dumping.

B. Footwear: Multi-Country Supply Chains Serving One Market

Footwear imports originate from a broad group of countries, including China, Vietnam, Indonesia, Cambodia, India, Mexico, Italy and others. While some countries remain large suppliers due to scale and specialization, relative market shares have shifted over time as brands diversify sourcing to manage costs, capacity constraints and compliance risks. This multi-country sourcing model is fundamentally inconsistent with a dumping narrative premised on persistent overproduction from a single exporting economy.

C. Consumer Electronics: Fragmented and Regionalized Production Networks

Consumer electronics supply chains are even more fragmented. Imports are distributed across East Asia, Southeast Asia and North America, reflecting complex, multi-stage production networks in which components, subassemblies and finished goods are produced in different countries based on specialization and efficiency. The breadth of sourcing locations underscores that imports are demand-driven and integrated into global value chains, not the result of excess capacity dumping into the U.S. market.

D. Toys: Buyer-Driven, Seasonal Sourcing Across Multiple Countries

While toy sourcing remains significantly in China, there are ongoing efforts to diversify supply chains to other countries, including onshoring. Retailers are trying to achieve diversification in order to manage peak-season capacity, licensing-driven product launches, quality controls and delivery risk. This procurement model — characterized by shifting orders across factories and jurisdictions — reflects retailer and brand risk management rather than sustained dumping behavior by any single exporter. It should be recognized that we did see a significant drop in toy imports because there aren't as many sourcing alternatives as other products.

E. Furniture: Mixed Sourcing and Product-Segment Specialization

Furniture supply chains commonly span multiple countries, with sourcing patterns varying by material (e.g., wood, metal, upholstered goods), price tier and lead-time requirements. Even for "American-made" furniture, many critical components — such as specialized hardware, metal mechanisms, fabrics and certain veneers — are not readily manufactured in the United States. Brands and retailers adjust sourcing as freight costs, input availability and compliance considerations change — another signal of competitive, demand-driven sourcing rather than persistent overcapacity dumping into the U.S. market.

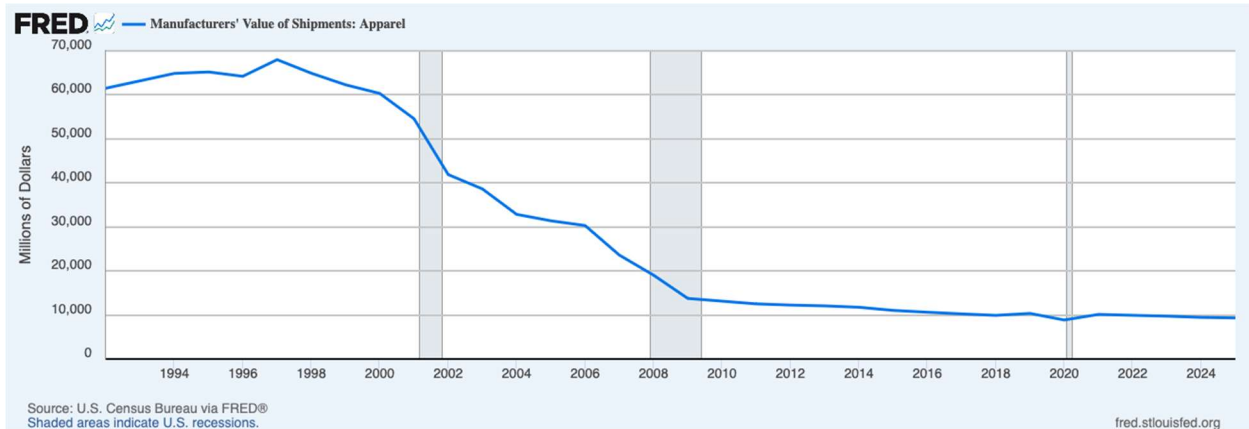
Section 301 and Other New Tariffs Have Failed to Increase U.S. Manufacturing

New U.S. tariffs starting in 2018 — and expanded substantially in 2025 under the International Emergency Economic Powers Act (IEEPA) recently deemed illegal — have imposed large costs on American businesses, families and workers but have failed to increase U.S. production of these goods or new manufacturing jobs. In fact, the Section 301 tariffs imposed on China beginning in 2018 spurred much of the diversification highlighted above. New capacity in third countries was created to achieve the stated U.S. policy objective of reducing reliance on China that could not be met with U.S. production.

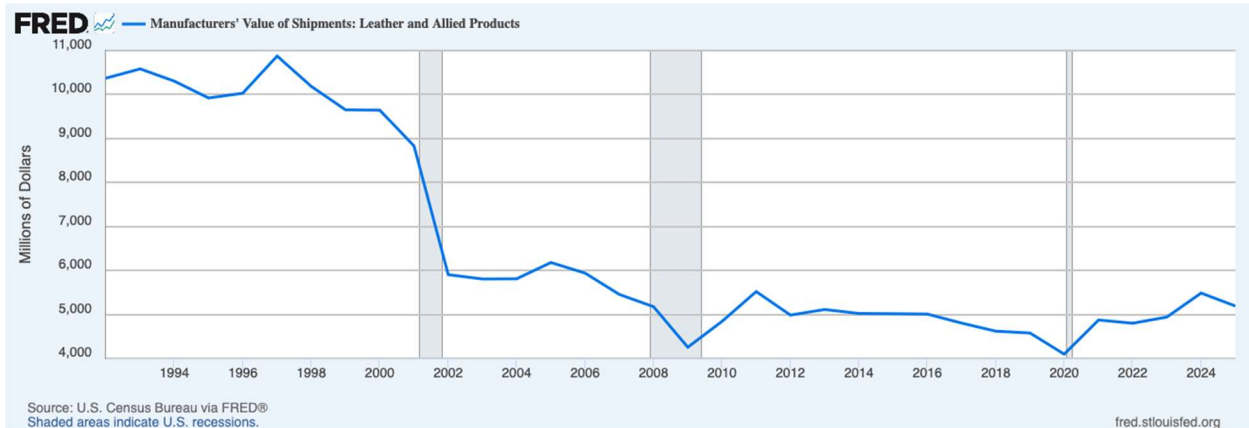
As shown in the graph below from the U.S. Census Bureau's Manufacturer's Shipments, Inventories, and Orders (M3) Survey, U.S. manufacturers' shipments of consumer goods started rising in 2016. However, that trend came to an abrupt stop when new tariffs were imposed in 2018. While the COVID-19 pandemic had major effects on manufacturing shipments in 2020, consumer goods shipments had been in decline for nearly two years. The growth in U.S. manufacturers' consumer goods shipments coincided with rapid import growth due to the COVID-related spending boom. Shipments declined from 2024 to 2025 as major new tariffs were imposed.



Within core consumer goods, apparel is perhaps the clearest example of long-term domestic production declines despite new tariff protections. According to estimates from Trade Partnership Worldwide, the United States assessed nearly \$7 billion in Section 301 tariffs on apparel imports from China from 2019-2024, and nearly \$9 billion in Section 301 and IEEPA tariffs on apparel imports from the world in 2025 alone. Yet according to the U.S. Census Bureau's Manufacturer's Shipments, Inventories and Orders (M3) Survey, the \$9.3 billion in domestic apparel shipments in 2025 were the second lowest on record, behind only the pandemic-affected 2020. Despite nearly seven years of tariffs protection, and over \$15 billion in extra tariffs assessed, U.S. production remained low and imports were as vital as ever.



Footwear and other allied products (e.g., luggage, handbags, wallets) tell a similar story. According to estimates from Trade Partnership Worldwide, the United States assessed nearly \$6 billion in Section 301 tariffs on footwear and travel goods imports from China from 2018 to 2024, and about \$2.2 billion in Section 301 and IEEPA tariffs on those imports from the world in 2025. There was a slight increase in U.S. manufacturers' shipments — from \$4.8 billion in 2017 before tariffs took effect to \$5.2 billion in 2025 — but not nearly enough to offset the \$35 to \$40 billion in typical annual imports of these products. Like overall consumer goods, U.S. domestic shipments for footwear declined from 2017-2020 (when tariffs were first imposed), and declined *again* from 2024 to 2025 (when even more tariffs were imposed). The 2020 to 2024 growth period for U.S. manufacturing occurred while imports surged to nearly \$50 billion due to post-COVID spending. Once again, years of protection and effectively doubling the tariff rate on footwear and travel goods made the United States no less dependent on imports.



Tariffs' failure to improve U.S. manufacturing competitiveness is not limited to consumer goods such as apparel and footwear. According to the U.S. Bureau of Labor Statistics, the United States lost about 90,000 manufacturing jobs between "Liberation Day" and February 2026. This raises an important question: If seven-plus years of Section 301 tariffs have failed to change policies in China, and additional global tariffs have failed to bring back U.S. manufacturing jobs, why should anyone expect that new Section 301 tariffs would do anything but raise prices further for Americans?

Risks of Overbroad Remedies

Applying trade remedies without sufficient sectoral differentiation risks significant unintended consequences:

- **Higher consumer prices**, especially for essential goods
- **Supply chain disruptions** for U.S. retailers and manufacturers, which also increase costs that must be passed along in product prices
- **Reduced product availability and choice** for consumers
- **Retaliatory measures** affecting U.S. exports and services

In sectors where U.S. domestic production is limited or absent, trade restrictions are unlikely to lead to reshoring in the near or medium term. Other products, such coffee and cocoa, are not and never will be available in sufficient quantities to meet American demand. Such unavailable products are not limited to geography-dependent natural resources; they also include many seasonal and discretionary purchases. For example, there was a sharp decline in artificial Christmas tree imports in 2025 due to tariff costs, with no viable way to increase U.S. production. In these and many similar cases, tariffs function primarily as consumption taxes on American households and businesses.

Higher consumption taxes are particularly concerning for low- to middle-income Americans and rural Americans, many of whom are more sensitive to price increases on essential goods and everyday household items. Even modest cost increases can have a disproportionate impact, and in some cases may also contribute to reduced product availability. A balanced approach that accounts for the practical realities faced by price-sensitive consumers throughout the country can help ensure policy outcomes that support American households.

Recommendations

As USTR proceeds with this investigation, we respectfully recommend that it consider the following when developing potential remedies or other policy actions:

1. Distinguish between sectors where foreign excess capacity displaces viable U.S. production compared to sectors where imports fill persistent structural U.S. demand gaps.
2. Focus on areas of production that are strategic or sensitive in nature in relation to national security versus non-sensitive products such as consumer goods.
3. Incorporate downstream and consumer impacts into any assessment of burden or restriction on U.S. commerce.
4. Recognize that sourcing diversification is not necessarily evidence of predatory overcapacity.
5. Avoid one-size-fits-all remedies and pursue sector-specific findings where action is warranted.

We believe that any such process would conclude that consumer goods should be exempted from any future Section 301 remedies. At a minimum, the administration should retain current exclusions included in the Agreements on Reciprocal Trade, those for printed materials, and

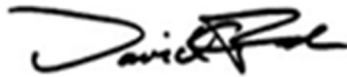
products included on List 4b of the Section 301 tariffs on China for consumer technology products.

VIII. Conclusion

Efforts to address unfair trade practices should be firmly grounded in economic evidence and sector-specific realities. In consumer goods sectors such as apparel, footwear, consumer electronics, furniture and toys, high import volumes reflect differences in labor supply and other production factors, diversified sourcing and U.S. demand — not coordinated excess capacity dumping. A balanced approach will best protect U.S. competitiveness, consumers and supply chain resilience.

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".

David French
Executive Vice President
Government Relations