

August 11, 2023

The Honorable Katherine Tai  
United States Trade Representative  
600 17th Street, NW  
Washington, DC 20508

**RE: Request for Comments on Advancing Inclusive, Worker-Centered Trade Policy (Docket No. USTR-2023-0004, Docket No. 2023-12446)**

Dear Ambassador Tai,

The National Retail Federation is submitting these comments on behalf of our members in response to the Office of the U.S. Trade Representative’s (USTR) [request for public comments](#) concerning advancing inclusive, worker-centered trade and investment policy. The notice asks for recommendations that focus on “trade and investment policy actions, including responsible business conduct, to advance racial and gender equity and support for historically underserved communities.”

The notice defines the underserved communities as “individuals who belong to underserved communities that have been denied [equitable] treatment, such as women and girls; Black, Latino, and Indigenous and Native American persons, Asian Americans, Native Hawaiians, and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, queer, and intersex (LGBTQI+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.” As key pillars in the communities as identified by the notice, for both employment and shopping, we welcome the opportunity to talk about the need for a positive trade agenda which benefits these communities.

## **Introduction**

The National Retail Federation has represented retail for over a century. Every day, we passionately stand up for the people, policies and ideas that help retail succeed. As the nation’s largest private-sector employer, retail contributes \$3.9 trillion to the annual GDP. No other industry comes close. Wherever the industry goes, the nation follows — so we’re committed to helping retail go further.

The retail perspective on U.S. trade policy should figure prominently in the administration’s effort to construct trade policies, actions and provisions that meet the particular needs or concerns of these communities in the United States. According to Census data, in 2020 99.6% of all retail firms were small businesses (employing less than 500 workers per firm)<sup>1</sup>

---

<sup>1</sup> U.S. Census Bureau, <https://www.census.gov/data/tables/2020/econ/susb/2020-susb-annual.html>.

seeking to meet the needs of customers in every community — rural, urban and suburban — across the United States. Retailers sell goods and services daily to every member of the groups defined as comprising underserved communities. Not only are these individuals our customers, they are also our employees. We strive to provide good jobs, with room for advancement, in these communities as well. Many of these jobs are either tied directly or indirectly to U.S. trade policies.

Consequently, if any industry has its finger on the pulse of what matters economically to individuals comprising underserved communities, it is retail. This has been especially true as inflation soared: Retailers were the first to hear consumers' concerns as they shifted product purchases to cheaper goods or refrained from purchasing a product altogether. While it is certainly true that having a job matters to most Americans, being able to purchase basic goods (food and clothing, for example) at budget-friendly prices matters to all Americans, especially to those without jobs.

It is worth considering as well that for millions of families, the consumer perspective on trade matters more than the employment perspective: Not every American wants or needs a job. According to U.S. Government data, in 2022 94 million people were not in the labor force by choice, 36% of the total labor force in that year. Some are retired; others are in school full-time. Still others have chosen to care for family needs full-time. Being able to find affordably priced goods and services — not a job — is what matters to these individuals.<sup>2</sup> According to Bureau of Labor Statistics data, in 2021 40% of all U.S. households had income averaging less than \$35,000.<sup>3</sup> These households care about the costs of children's clothing, household items like sheets and furniture, and toys. If costs increase because policymakers want to use trade policy to “encourage” a shift to U.S. production of those items, that policy will impact these families. The higher costs must come from elsewhere in the family budget.

Thus, a trade policy that prioritizes the concerns of those focused on employment opportunities and dismisses as less relevant the consumer impacts of trade will fail to meet the needs of the millions whose priority is an ability to purchase needed goods and services at budget-friendly prices. This includes the audience focused on jobs: Every one of them is also a consumer. We believe strongly that the administration cannot afford to dismiss as unimportant how trade policies and actions may affect every American as a consumer, and focus only on their impacts on the subset of Americans who are workers.

## **Selected Questions**

The notice seeks information that addresses a number of questions. We will focus on those for which retailers can supply answers based on years of experience and connection with our customers.

---

<sup>2</sup> Bureau of Labor Statistics, various tables from <https://www.bls.gov/cps/tables.htm#empstat>.

<sup>3</sup> Derived from Bureau of Labor Statistics, <https://www.bls.gov/cex/tables/calendar-year/mean-item-share-average-standard-error/cu-income-quintiles-before-taxes-2021.pdf>.

***What key actions should the U.S. Government pursue with trade partners and allies to ensure that the benefits from trade and investment policy reach underserved communities?***

With respect to trade, pursuing policies and actions that increase U.S. exports to grow U.S. job opportunities and lower the costs of U.S. imports to ensure families have access to affordable goods would benefit underserved communities. Of course, trade agreements that include enforceable provisions to lower foreign barriers to U.S. exports have been the traditional route to accomplishing the goal of increasing exports. One cannot achieve this goal without offering our trading partners lower U.S. barriers to their exports to the United States, which is fortunately a largely underappreciated benefit to American families. While the majority of products imported into the U.S. enjoy low tariffs, there are key consumer products that still have significantly high tariffs, many of which are basic products that disproportionately impact lower-income consumers. It is astounding that the U.S. tariff code taxes imports of women's and girls' apparel at higher rates than imports of the same product meant for men.<sup>4</sup> This is an anomaly U.S. trade negotiators must fix. A trade policy that lowers tariffs applicable to shoes, apparel and household goods — especially those disadvantaging women and children — leaves families with more money to spend on other expenses, like rent or utilities. This is especially valuable to families in underserved communities.

A domestic investment policy that can ensure trade benefits flow to underserved communities is to ensure the U.S. government supports a robust workforce development system that prepares workers to hold jobs of importance to their local communities, including retail. An educational system that prepares our students to compete at a global level (i.e., online selling opens the world which they can either sell to if they are good OR not be able to sell to if they don't know how) is of paramount importance. Equipping students with digital skills that will be used in nearly every job of the future (indeed, in many of the present) will be key to ensuring they benefit from all that global engagement has to offer. More generally, it is important that our students, workers and businesses understand the basics of how trade works, and in particular the benefits it offers, so they are not fearful of global engagement.

Other domestic investment policies and actions can also help individuals in underserved communities both export and import. A key ingredient would be to ensure that everyone has ready access to fast internet service, so they can support the creation of new small businesses that are better able to engage with customers outside the United States to whom they export and suppliers outside the United States from whom they import outside the United States. Such investment would particularly benefit those living in rural areas, older workers, and African Americans and Hispanics living in underserved urban areas. Small businesses operating out of their homes and selling jewelry, handbags and other consumer goods they have made are essentially small retailers. They depend crucially on access to the internet, which enables them to reach millions of potential customers outside the United States. Enforceable trade agreements that support this economic activity would be valuable to them.

---

<sup>4</sup> See just one example at Ed Gresser, "PPI's Trade Fact of the Week: U.S. Underwear Tariffs Are Unfair to Women," Progressive Policy Institute, February 8, 2023, <https://www.progressivepolicy.org/blogs/ppis-trade-fact-of-the-week-u-s-underwear-tariffs-are-unfair-to-women/>.

***What best practices should USTR consider to ensure that advancing equity, equality, and economic empowerment is standardized in community and stakeholder engagement regarding the development and implementation of U.S. trade and investment policy? Are there specific engagement and consultation considerations and/or processes that policymakers should consider in incorporating equity into U.S. trade and investment policy?***

Every administration, whatever its particular perspective on trade, must solicit input from every actor in the play, even those with which it disagrees. Ensure that employee representatives are at the table, as well as employer representatives. Because so much is at stake, do not draw conclusions about appropriate trade policy on the basis of a few anecdotes presented at community hearings. Seek hard data that backs up those anecdotes to ensure that they apply broadly. Do not complete trade agreements that must ultimately be implemented by affected businesses without finding out from them if the provisions are workable. Too often (most recently after the U.S.-Mexico-Canada Agreement was completed), it becomes apparent that the details of some provisions of finalized trade agreements are commercially unworkable and need to be “fixed” in the implementing legislation.

***How can trade policymaking better respond to the specific interests of different U.S. regions and local communities?***

USTR and policymakers need to do a thorough, balanced assessment of the degree to which those regions and communities depend on/would benefit from greater exports and imports. Going into a trade negotiation, it is helpful to know the degree to which, for example, manufacturers in a particular region depend on imported raw materials that cannot be obtained at workable prices from U.S. sources, or if they can, that those sources have limited supply. Measure the degree to which increases in costs of goods or services in one region would have an adverse impact on manufacturers or consumers in another.

Similarly, understand that trade policies or actions can have unintended negative ripple effects on communities of concern to the administration. For example, construction costs made artificially high can make it difficult for small businesses to grow. One rural-area small business profiled in the Wall Street Journal offers an alarming story: It could not get a loan to construct a new building because the costs of construction would have resulted in a finished building that did not appraise at a value that supported the loan.<sup>5</sup> Many U.S. building materials — notably softwood lumber from Canada, and steel and aluminum from nearly everywhere — are artificially high because of U.S. tariffs, inflating construction costs that eventually hurt the communities of interest to the administration.

Another example of unintended consequences of trade policies or actions include the downstream impacts of U.S. trade remedy laws. Imposition of duties on inputs like tinplate can

---

<sup>5</sup> Ruth Simon, “Real-Estate Math Stymies Small Rural Businesses,” Wall Street Journal, July 10, 2023, <https://www.bls.gov/cex/tables/calendar-year/mean-item-share-average-standard-error/cu-income-quintiles-before-taxes-2021.pdf>.

have negative impacts on workers and consumers of goods made with imported or domestic tinplate — cans and canned foods. It is time our trade remedy laws were updated to allow for the consideration of the broader impacts of remedies to ensure they do not adversely affect low-income households or workers in downstream industries.

It is of course inevitable that some group in some region will not benefit from a trade policy or action that helps many more in another region. The government does and should continue to step in with economic support (retraining programs, for example) to help those workers transition to new (and better) jobs.

## **Conclusion**

We commend the administration for seeking to understand the broader ramifications of U.S. trade, trade policies and trade actions. There are two sides to every story, and we look forward to working closely with the administration to ensure that all sides are heard and considered as you develop a U.S. trade agenda that works for all Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Gold". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jonathan Gold  
Vice President, Supply Chain and Customs Policy