

## Lawmakers target China tariffs in effort to ease supply chain disruption



*Lawmakers in Congress are urging action to ease tariffs on more Chinese imports.*



By Lauren Ohnesorge – Senior Staff Writer, Triangle Business Journal – January 24, 2022

As inflation concerns continue to grow, the Triangle's representatives in Congress say the time is right to discuss expanding tariff exclusions on Chinese goods, a move many say is critical to the competitiveness of American manufacturing.

Rep. David Price, who represents the state's 4th Congressional District, is among 140 U.S. lawmakers who signed a letter urging U.S. Trade Representative Katherine Tai to revive and expand a tariff exclusion process in order to help U.S. manufacturers impacted by the ongoing supply chain crunch.

Rep. Deborah Ross, who represents North Carolina's 2nd District, did not sign the letter, but her office said she “believes it articulates valid concerns that should be addressed.”

The letter says the current proposal to re-launch exclusions is “too narrow,” and that American manufacturers could suffer as a result.

“The lapse – and continued absence – of critical exclusions have deepened the challenges for businesses and their workers, hindering efforts to relocate supply chains in sectors ranging from new-energy vehicles to semiconductors by raising the costs of critical inputs, components and machinery,” the letter says. “These increased costs are undermining the competitiveness of American manufacturing workers whose inputs are now more expensive compared to those made by foreign competitors.”

Price’s office did not return a request to comment on the tariff letter.

Perhaps not surprisingly, the issue of tariffs on Chinese goods is a big one at the North Carolina Chinese Business Association, where president Daniel Cheng said he’s hearing from both Chinese and American business owners who “agree that it is the time to restudy the China tariff.”

“It has caused trouble for both ends and they urged [the] American government to stop it,” Cheng said in an email.

North Carolina has long relied on imports – particularly those from China. Census data shows China was the number two country exporting to the state in 2020. Goods from China amounted to 14.7 percent of all North Carolina’s imports.

But completely stopping the tariffs is not on the table.

In the letter, led by Democrats Ron Kind and Suzan DelBene of Washington and Republicans Darin LaHood of Illinois and Jackie Walorski of Indiana, lawmakers said they “strongly support tough and effective action to address China’s unfair trade practices.”

Last year, Trade Representative Tai announced a new strategy for China, seeking public comments on exclusions for nearly 550 Chinese import categories, including industrial components and medical supplies. But the proposal, according to the letter from lawmakers, is too narrow, covering just 1 percent of what had previously been excluded.

Industries impacted by tariffs include those that are particularly strong in the Triangle – pharmaceuticals, medical devices and electronics. They’re also industries that have been named as key focus areas for economic development. Electric vehicle manufacturing, for example, is a recruitment priority for the state – and EV companies have been confirmed to have scouted sites in the Triangle region in recent months.

John Boyd, a site selection consultant, said China tariffs do impact economic development conversations – but that they’re unlikely to stem projects eyeing the state.

“The inflated price of these Chinese imports swings the site selection equation – where to locate new facilities and where to expand current ones – more to the cost side of the ledger as impacted companies seek a means to compensate for higher input costs and to stay competitive with peer players in their industry,” he said.

While some individual companies in sectors such as pharma and electronics incur higher raw material costs, North Carolina itself is in an enviable position, Boyd said. That’s because it “can provide an operating cost environment low by national standards and one able to compensate for the added cost burden caused by Chinese imports.”