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April 13, 2026

Lisa R. Barton
Secretary to the Commission
U.S. International Trade Commission
500 E Street SW
Washington, DC 20436

Re: Investigation No. 332-609 – Effects on the U.S. Economy of Revoking China's Permanent Normal Trade Relations (PNTR) Status

Dear Secretary Barton:

The Consumer Technology Association (CTA) appreciates the opportunity to provide comments in Investigation No. 332-609[1] on the effects of revoking China's permanent normal trade relations (PNTR) status. Revoking China's PNTR would raise tariffs across a broad range of products, increase prices, and disrupt supply chains that support the U.S. economy.

As North America's largest technology trade association, CTA is the tech sector. Our members are the world's leading innovators – from startups to global brands – helping support more than 18 million American jobs. CTA owns and produces CES® – the most powerful tech event in the world.

The consumer technology industry depends on global supply chains to design, manufacture, and distribute products used by consumers and businesses across the United States. These supply chains span multiple countries, including China, rely on inputs, components, and assembly processes. Revoking China's PNTR would subject these supply chains to significantly higher tariffs and increase costs throughout the economy, as discussed in **Section I** below.

The U.S. International Trade Commission (Commission) should evaluate China's PNTR revocation within the context of the current tariff environment. The United States already maintains multiple layers of tariffs and trade restrictions under Sections 122, 232, and 301. Revoking China's PNTR would compound these measures and substantially amplify their cumulative economic impact, as discussed in **Section II** below.

[1] Effects on the U.S. Economy of Revoking China's Permanent Normal Trade Relations Status, Investigation No. 332-609, (Feb. 26, 2026), https://www.usitc.gov/secretary/fed_reg_notices/332/332_609_notice02262026sgl.pdf.

I. Effects on the U.S. Economy of Revoking China's PNTR

Revoking China's PNTR would have wide-ranging adverse effect on the consumer technology industry and U.S. economy more broadly, including higher prices, suppressed demand, supply chain disruptions, and export risks stemming from potential retaliation by China.

A. CTA Analysis: Price Effects and Economic Consequences of PNTR Revocation

CTA's forthcoming April 2026 report finds that revoking China's PNTR would sharply increase tariffs on consumer technology products, compounding existing price pressures and reducing U.S. consumer purchasing power by billions of dollars. These higher costs would flow directly to consumers, weakening demand, lowering unit sales, and dampening activity across the consumer technology value chain. While some firms may shift sourcing to alternative countries, those adjustments would be limited, often involve higher-cost production, and would not offset the overall increase in market prices.

Key findings include:

- **Smartphones:** Tariffs rise from 12.6% to 47.6%, increasing prices by 8.7% and reducing spending power by $5.9 billion
- **Laptops & tablets:** Tariffs rise from 7.5% to 42.5%, increasing prices by 5.3% and reducing spending power by $2.8 billion
- **Video game consoles:** Tariffs rise from 12.3% to 47.3%, increasing prices by 4.5% and reducing spending power by $338 million

These results demonstrate that applying Column 2 tariff rates would lead to broad-based price increases across core consumer technology products, with significant negative effects on household purchasing power and downstream economic activity.

B. Impacts on U.S. Demand, Output, and Employment

Revoking China's PNTR status would affect demand, output, and employment across the U.S. economy, not just in sectors directly subject to higher tariffs.

Macroeconomic analysis by the Peterson Institute for International Economics[2] finds that China's PNTR revocation would reduce U.S. GDP relative to baseline, with losses that persist over time. The study estimates a cumulative GDP decline of $94.9 billion, increasing to $158.7 billion if China retaliates. These effects are driven by higher prices for consumer goods and intermediate inputs, which erode purchasing power due to increased production costs.

Demand weakens across multiple channels. Higher prices suppress consumption, while increased costs and uncertainty weigh on business investment. At the same time, appreciation

[2] Megan Hogan, Warwick McKibbin, and Marcus Noland, *Economic Implications of Revoking China's Permanent Normal Trade Relations (PNTR) Status*, Peterson Institute for International Economics (Sept. 2024), https://www.piie.com/publications/policy-briefs/2024/economic-implications-revoking-chinas-permanent-normal-trade.

of the U.S. dollar reduces export competitiveness, lowering external demand. Although companies substitute away from China where possible, production often shifts to higher-cost sources, reducing efficiency and failing to offset the broader decline in overall demand.

Output losses are concentrated in trade-exposed sectors. Durable manufacturing, agriculture, and mining experience the largest declines, with durable manufacturing output falling by $332.2 billion without retaliation and $532.2 billion with retaliation.[3]

Employment follows these trends. Job losses are concentrated in trade-exposed sectors, and displaced workers shift into services over time, often at lower real wages. This adjustment is uneven and becomes more severe if China retaliates.

The Commission should therefore assess China's PNTR revocation as a broad macroeconomic shock affecting consumption, investment, production, and labor markets.

C. Supply Chain Disruption and Sourcing Effects

Consumer technology supply chains are globally integrated and highly specialized, with China playing a central role in both intermediate inputs and final assembly. Recent analysis by the Rhodium Group, "China and the Future of Global Supply Chains,"[4] shows that China continues to play a uniquely important role in global manufacturing, particularly in consumer electronics, reflecting dense supplier networks, scale efficiencies, and deep integration across upstream and downstream production stages.

These supply chains do not adjust quickly. Many inputs, including semiconductors and specialized components, have limited short-term substitutes. Research by the International Monetary Fund (IMF) in its Working Paper on Supply Chain Diversification and Resilience finds that "countries cannot immediately reconfigure supply chains in response to shocks" due to frictions in goods, labor, and production networks.[5] These rigidities reflect the costs of rebuilding supplier relationships, retooling production, and reallocating labor and capital.

Even when sourcing shifts do occur, they are often incomplete and inefficient. Evidence from IMF research on global value chain relocation shows that efforts to diversify production away from China toward countries such as Mexico and Southeast Asia frequently continue to rely on imports of intermediate inputs from China, underscoring that production networks remain tightly linked.[6] Therefore, abrupt policy changes, such as revoking China's PNTR, would unlikely to produce complete supply-chain realignment. Instead, they would raise costs and

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[3] *Id.*

[4] Rhodium Group, Agatha Kratz, Lauren Piper, and Juliana Bouchaud, *China and the Future of Global Supply Chains* (Feb. 2025), https://rhg.com/research/china-and-the-future-of-global-supply-chains/.

[5] IMF, JaeBin Ahn and Brandon Tan, *Supply Chain Diversification and Resilience* (May 23, 2025), https://www.imf.org/en/publications/wp/issues/2025/05/23/supply-chain-diversification-and-resilience-567065.

[6] IMF, Francisco Arizala et al., *Relocation of Global Value Chains: The Role of Mexico* (Sept. 12, 2025), https://www.imf.org/en/publications/wp/issues/2025/09/12/relocation-of-global-value-chains-the-role-of-mexico-570314.

disrupt operations for U.S. manufacturers. More broadly, supply chain diversification involves inherent tradeoffs that should be managed carefully to avoid unintended economic harm.

The Commission should account for these real-world adjustment constraints. Models that assume rapid or low-cost substitution will underestimate the economic effects of China's PNTR revocation.

D. Retaliation and Export Risks

Revoking China's PNTR would likely trigger retaliation from China. China has already demonstrated its willingness to use a broad and expanding set of economic tools in response to trade actions, and recent developments show a shift toward more formalized and targeted measures.

Recent actions include China's Ministry of Commerce's (MOFCOM) initiation of two investigations into U.S. practices and measures that "hinder trade in green products" and "disrupt global industrial and supply chains."[7] MOFCOM characterized the investigations as reciprocal responses to USTR's recent Section 301 investigations discussed above. China's other actions include export controls on critical minerals such as gallium, germanium, and rare earth elements that are essential to electronics, semiconductors, and energy technologies. China's dominance in these supply chains gives it significant leverage. It produces roughly 90% of the world's rare earth magnets and is the sole supplier of certain critical materials, allowing it to directly affect global manufacturing.[8] Recent export restrictions and licensing requirements have already disrupted supply chains, forcing manufacturers in the United States and allied economies to draw down inventories and delay production. China has also expanded controls beyond raw materials to include processing equipment, technical knowledge, and downstream products containing Chinese inputs, increasing its influence over global supply chains.

China has also developed a broader legal and regulatory framework for economic retaliation. Tools such as the Unreliable Entity List, export control measures, and the Anti-Foreign Sanctions Law allow Chinese authorities to impose targeted restrictions on foreign firms, including limits on trade and investment, regulatory actions, and sanctions.[9] These measures are increasingly used as instruments of asymmetric retaliation and can be applied across a wide range of industries, including firms with no direct connection to the underlying policy dispute.

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[7] MOFCOM, Announcement No. 17, https://www.mofcom.gov.cn/zwgk/zcfb/art/2026/art_a87743853da94b22ace113ee98591fa5.html; MOFCOM, Announcement 18, https://www.mofcom.gov.cn/zwgk/zcfb/art/2026/art_0385344025b549c3b049ec85fa9dd90b.html.

[8] Keith Bradsher, *Step by Step, How China Seized Control of Critical Minerals*, The New York Times (Oct. 27, 2025), https://www.nytimes.com/2025/10/27/business/china-rare-earth-export-controls.html.

[9] Jim Mullinax, *China's New Economic Coercion Toolkit*, The Diplomat (Mar. 22, 2025), https://thediplomat.com/2025/03/chinas-new-economic-coercion-toolkit/.

In addition, China has expanded its use of trade investigations, licensing requirements, and regulatory actions targeting foreign companies. These tools allow Chinese authorities to impose costs without relying solely on tariffs and to escalate pressure in response to U.S. policy actions.

Revoking China's PNTR would increase the likelihood of these responses and could provide justification for broader discrimination against U.S. firms operating in or exporting to China. For U.S. companies, these risks extend beyond tariffs. Retaliation can disrupt operations, restrict access to key inputs, limit market access, and increase regulatory uncertainty. Retaliation could also reach services and compliance-related activities, including product testing, certification, and logistics. U.S. and multinational firms that support the movement of IT products or verify compliance with Chinese requirements could face delays, additional scrutiny, or loss of authorization, further disrupting trade flows.

The Commission should incorporate retaliation scenarios into its analysis. Ignoring these risks would understate the full economic consequences of PNTR revocation.

E. Risk of Decoupling U.S.–China Relations

Revoking China's PNTR would represent a structural break in U.S.–China economic relations. It would move beyond targeted measures and effectively push U.S. policy toward broad economic decoupling, departing from longstanding trade practices and WTO-based norms.

The U.S.–China economic relationship remains deeply integrated across trade, supply chains, and technology ecosystems. Even partial tariff measures have imposed measurable costs, and a more comprehensive shift would require a rapid and costly restructuring of supply chains that depend on China for large-scale manufacturing, assembly, and materials processing. For the consumer technology sector, this would increase input costs, disrupt production, and reduce access to critical components and global markets.

The effects would extend beyond the United States and China. Global supply chains are interconnected, and abrupt changes in trade policy would spill over to allied and partner economies that rely on shared production networks. These disruptions would reduce efficiency, increase costs, and weaken resilience across global technology ecosystems.

Decoupling also carries broader economic and geopolitical risks. Economic disruption, supply chain fragmentation, and policy uncertainty can reinforce each other, amplifying overall effects. Historical experience suggests that actions of this magnitude are associated with periods of heightened tension, and abrupt policy shifts increase the risk of miscalculation and unintended escalation.

CTA does not ask the Commission to make national security determinations. However, the Commission should recognize that China's PNTR revocation is not a marginal policy change. It is a fundamental shift with systemic economic consequences that extend beyond bilateral trade.

II. Current Trade Policy Baseline: Layered Tariffs and Trade Restrictions

The Commission should evaluate China's PNTR revocation within the current trade policy environment. The United States already maintains multiple overlapping tariff regimes that raise costs across supply chains. These measures do not operate in isolation. Firms and consumers experience their combined and compounding effects.

Section 232 tariffs. These tariffs have expanded well beyond their original focus on steel and aluminum and now function as a broad tariff regime covering an expansive set of raw materials, intermediate inputs, and finished goods across a wide range of sectors. Section 232 tariff actions have been taken with respect to steel and aluminum, copper, automobiles and auto parts, timber and lumber, and medium- and heavy-duty vehicles, including trucks and buses, certain semiconductors, and certain pharmaceuticals, at rates ranging from 25% to 100%. The scope of coverage continues to extend to an ever-growing range of derivative products and components. These measures raise costs across manufacturing, industrial, and consumer goods supply chains, including key inputs such as metals, vehicle systems, and construction materials, as well as downstream goods including a wide range of electronics parts and components.

At the same time, Section 232 remains an active and expanding policy tool. Ongoing investigations cover robotics and industrial machinery, personal protective equipment and medical devices, wind turbines, polysilicon, unmanned aircraft systems, commercial aircraft and jet engines. In addition, completed investigations into semiconductors and semiconductor manufacturing equipment, as well as critical minerals, create a basis for potential future tariff actions. These actions could include possible duties on semiconductors, manufacturing equipment, downstream electronics, and minerals such as lithium, cobalt, and rare earth elements, along with their derivative products.

Section 122 tariffs. These tariffs, imposed in February 2026, apply a 10% global tariff across a broad range of imports. These tariffs replaced earlier actions taken under the International Emergency Economic Powers Act and now serve as a baseline tariff affecting a broad range of imported goods. Because they apply regardless of country of origin, Section 122 tariffs increase costs independent of sourcing decisions and must be incorporated into any realistic assessment of current trade conditions.

Section 301 tariffs on products of China. These tariffs on imports from China remain in place at rates of 7.5% to 100% across a wide range of goods. These tariffs cover both intermediate inputs and finished products used throughout the consumer technology supply chain. Although some exclusions were granted, the exclusions currently in effect represent only a subset of those issued during the first Trump Administration. As a result, Section 301 tariffs continue to impose significant costs on U.S. firms and consumers.

Together, these measures create a layered tariff environment in which inputs and finished goods face an increasingly complex mix of Section 232, Section 301, and Section 122 tariffs. As goods move through supply chains, these tariffs accumulate, raising total production and distribution costs at each stage.

Economic evidence shows that this existing tariff structure already imposes significant costs on the U.S. economy. Analysis by the Tax Foundation[10] finds that recent tariff actions operate as an extensive tax increase on U.S. households and businesses, raising costs by about $1,000 per household in 2025 and an additional $600 in 2026 under current measures. These measures have pushed effective U.S. tariff rates to their highest levels in decades, reaching 7.7% in 2025, the highest since 1947, and far above the 1.5% average applied rate in 2022. At the macroeconomic level, Section 232 tariffs alone are projected to reduce long-run U.S. GDP by 0.2%, shrink capital stock, and eliminate the equivalent of more than 150,000 full-time jobs. Despite these costs, tariffs have not meaningfully improved the U.S. trade balance, which reflects broader macroeconomic factors rather than tariff policy.

Revoking China's PNTR would layer higher Column 2 tariffs on top of this already elevated baseline, further intensifying tariff stacking. Multiple duties would apply to the same product or at different stages of production, driving total tariff rates to levels that force changes in sourcing and pricing strategies. These shifts would disrupt supply chains and, in some cases, lead to product shortages in the market. The analysis of the six consumer technology product categories in Section II reflects the cumulative effects of this tariff stacking.

For the consumer technology sector, which depends on globally integrated supply chains and price-sensitive demand, these cumulative tariffs would significantly increase costs, raise consumer prices, and constrain investment. The Commission should explicitly model these combined effects. Analyzing China's PNTR revocation in isolation would understate its impact.

F. Interaction with Existing and Potential Future Section 301 Actions

The Commission should evaluate China's PNTR revocation within the context of the existing and expanding Section 301 framework, which already imposes significant tariffs on China and is likely to broaden further.

Current Section 301 tariffs stem from the U.S. Trade Representative's (USTR) 2017 investigation into China's technology transfer, intellectual property, and innovation practices. That investigation found evidence of forced technology transfer, intellectual property theft, and discriminatory industrial policies, and it serves as the basis for tariffs covering hundreds of billions of dollars of imports. These include 25% tariffs on products listed under Lists 1, 2, and 3, as well as 7.5% tariffs on List 4A products.

At the same time, multiple ongoing Section 301 investigations could lead to additional tariffs or trade restrictions. These include investigations into China's implementation of the Phase One Agreement, its semiconductor industry policies, and practices in the maritime, logistics, and shipbuilding sectors, all of which could potentially increase cost across technology-intensive supply chains.

In March 2026, USTR also launched new Section 301 investigations into structural excess capacity and manufacturing production, as well as failures to enforce prohibitions on forced

[10] Erica York, *Tariff Tracker: 2026 Trump Tariffs & Trade War by the Numbers*, Tax Foundation (Feb. 2026), https://taxfoundation.org/research/all/federal/trump-tariffs-trade-war/.

labor. These investigations target a broad set of countries, including China, and cover key sectors such as semiconductors, electronics, autos, machinery, and industrial goods. They are expected to provide a basis for additional tariff measures or import restrictions affecting multiple sectors.

These trade measures do not operate independently. Revoking China's PNTR would layer Column 2 tariffs on top of existing and potential Section 301 actions, resulting in significant tariff stacking across both inputs and finished goods. For consumer technology products, this would compound cost increases at multiple stages of production and distribution.

The Commission should therefore account for these overlapping measures when modeling economic effects. Evaluating China's PNTR revocation in isolation would understate its true impact, particularly given the likelihood of additional Section 301 actions that could further amplify costs and disrupt supply chains.

G. Congressional Proposals to Revoke China's PNTR Status

Congress has introduced several proposals in the 119th Congress to revoke China's PNTR status or impose equivalent tariff regimes. These proposals vary in structure but share a common objective of significantly increasing tariffs on imports from China.

- ***The Restoring Trade Fairness Act (H.R. 694 / S. 206)*** would formally revoke China's PNTR, shift Chinese imports to Column 2 tariff rates, and impose minimum tariff levels of 35% on all goods and 100% on certain strategic products, with a phased implementation over five years.[11]

- ***The China Trade Relations Act of 2025 (H.R. 1504)*** would instead reinstate the annual review framework that governed China's trade status prior to 2000, conditioning normal trade treatment on ongoing congressional approval.[12]

- ***The No Trade Preferences for Communist China Act (S. 3566)*** would take a more immediate approach by withdrawing normal trade relations treatment within 90 days and applying Column 2 rates across all imports.[13]

Although these proposals differ in timing and structure, they would represent a significant shift in U.S. trade policy. Each would substantially increase tariffs across a broad range of products and interact with existing tariff measures to raise costs throughout domestic and global supply chains.

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[11] *Restoring Trade Fairness Act* (H.R. 694) (introduced Jan. 23, 2025), https://www.congress.gov/bill/119th-congress/house-bill/694.

[12] *The China Trade Relations Act of 2025* (H.R. 1504) (introduced Feb. 21, 2025), https://www.congress.gov/bill/119th-congress/house-bill/1504.

13 *No Trade Preferences for Communist China Act* (S. 3566), https://www.congress.gov/bill/119th-congress/senate-bill/3566.

The Commission's analysis will inform consideration of these proposals. It is therefore important that the report fully assess their economywide effects, including impacts on prices, production, sourcing, and downstream sectors that depend on imported goods.

III. Alternative Scenario: Five-Year Phase-In of Tariffs

The Commission is examining a scenario in which China's PNTR revocation would apply to a subset of national security-related products with a phased implementation. The scope and economic impact of this approach will depend critically on how "national security products" are defined.

CTA recognizes that national security concerns are real and require careful, targeted responses. The United States must protect critical technologies, secure supply chains, and reduce strategic vulnerabilities in key sectors. We support a risk-based approach that addresses specific threats, including through export controls, investment screening, and procurement safeguards.

At the same time, broad trade actions that are not tightly scoped to identifiable security risks can undermine these objectives. Sweeping tariff measures risk raising costs, weakening U.S. competitiveness, and disrupting supply chains that are essential to both economic strength and national security. A strong economy, resilient supply chains, and continued leadership in innovation are themselves core components of national security.

An overly broad definition risks capturing a wide range of consumer technology products that do not present meaningful national security concerns. Many consumer products incorporate dual-use components, such as semiconductors, sensors, and connectivity features, but the presence of such components alone does not render a product sensitive from a national security perspective.

Consumer technology products are typically mass-market, off-the-shelf goods that are widely available and used similarly by consumers, businesses, and governments. Many are not identified on U.S. or allied control lists or are classified as mass-market items subject to minimal controls. Expanding national security designations to these products would depart from established trade and export control frameworks.

Broad definitions would significantly expand tariff exposure. Consumer technology products are widely used across the economy and including them within a national security category would raise prices, reduce access to technology, and increase costs for businesses that rely on these tools to remain competitive.

Policy should instead focus on risk-based, use-specific approaches. Governments can address legitimate concerns through targeted procurement restrictions and security measures in sensitive environments, without imposing broad trade restrictions on widely available consumer products.

An expansive definition would also shift policy away from targeted de-risking and toward broad economic decoupling, increasing costs and undermining U.S. competitiveness without improving security outcomes.

The Commission should therefore carefully evaluate how product definitions shape economic outcomes. Even a phased or targeted approach could produce broad and unintended effects if the scope of covered products is defined too expansively.

IV. Conclusion

Revoking China's PNTR status would impose broad costs on the U.S. economy. It would raise tariffs across a wide range of goods, increase prices for consumers and businesses, and disrupt supply chains that support production, distribution, and innovation. These effects would reduce demand, lower output, and weaken investment across multiple sectors.

These impacts would be amplified in the current policy environment, where Sections 232, 122, and 301 measures already raise costs across inputs and finished goods. China's PNTR revocation would layer additional tariffs on top of these measures, compounding their effects and increasing pressure on globally integrated supply chains.

Revoking China's PNTR would represent a fundamental shift in U.S. trade policy, moving beyond targeted measures toward broader economic decoupling, with spillover effects across allied economies and global technology ecosystems.

The Commission should fully account for these cumulative and compounding effects when assessing the impact of China's PNTR revocation on prices, production, and sourcing.

CTA appreciates the opportunity to provide these comments and looks forward to continued engagement with the Commission.

Sincerely,

Ed Brzytwa
Vice President of International Trade
Consumer Technology Association

Michael Petricone
Senior Vice President of Government Affairs
Consumer Technology Association

Annex

Trade Partnership Worldwide and Consumer Technology Association, *Impacts on the Consumer Technology Sector of Revoking China's PNTR Status* (Apr. 2026)

- Revoking China's PNTR and applying Column 2 tariffs would significantly increase tariff rates across a wide range of consumer technology products, with increases of roughly 35 percentage points across all major categories analyzed.
- Tariff increases would be substantial across product categories, including: smartphones (12.6% to 47.6%), laptops and tablets (7.5% to 42.5%), video game consoles (12.3% to 47.3%), connected devices (23.9% to 58.9%), personal computers (35.6% to 70.6%), and miscellaneous computer accessories (24.6% to 59.6%).
- These higher tariffs would translate into increased consumer prices, including: +8.7% for smartphones, +5.3% for laptops and tablets, +4.5% for video game consoles, +1.0% for connected devices, +0.8% for miscellaneous computer accessories, and minimal change for personal computers.
- Across these categories, higher prices would reduce U.S. consumer spending power by billions of dollars annually, including: $5.9 billion for smartphones, $2.8 billion for laptops and tablets, $338 million for video game consoles, $183 million for connected devices, $113 million for miscellaneous computer accessories, and $17 million for personal computers.
- The largest economic burdens are concentrated in high-volume consumer products such as smartphones and laptops, which account for the majority of total consumer welfare losses.

Peterson Institute for International Economics, *Economic Implications of Revoking China's PNTR Status* (Sept. 2024)[14]

- Revoking China's PNTR leads to a persistent decline in U.S. GDP relative to baseline, with the economy never fully recovering over time.
- Inflation rises as tariffs increase input and consumer prices, with U.S. inflation increasing by about 0.2 percentage points (0.4 with retaliation) and a permanently higher price level.
- Output and employment decline unevenly across sectors, with agriculture, durable manufacturing, and mining experiencing the largest losses.
- Workers are displaced from trade-exposed sectors and shift into services, but with lower real wages across the economy.
- Investment and equity values fall, particularly in manufacturing and resource sectors, reflecting reduced competitiveness and weaker demand.
- The policy widens the U.S. trade deficit, as exports fall due to a stronger dollar and imports shift to higher-cost sources.

[14] Megan Hogan, Warwick McKibbin, and Marcus Noland, *Economic Implications of Revoking China's Permanent Normal Trade Relations (PNTR) Status*, Peterson Institute for International Economics (Sept. 2024), https://www.piie.com/publications/policy-briefs/2024/economic-implications-revoking-chinas-permanent-normal-trade.

- All negative effects are amplified if China retaliates, including larger declines in GDP, employment, and sectoral output.

Oxford Economics and US-China Business Council, *The Impact of China PNTR Repeal and Increased Tariffs on the U.S. Economy and American Jobs* (Nov. 2023)[15]

- Revoking China's PNTR and applying Column 2 tariffs would reduce U.S. GDP by approximately 1.4% by 2025 and result in a cumulative loss of $1.6 trillion over five years.
- Employment would fall by 744,000 jobs at peak, with long-term losses of roughly 254,000 jobs even after partial adjustment.
- If China retaliates, losses would deepen to 801,000 jobs at peak and $1.9 trillion in cumulative GDP loss, with 300,000 fewer jobs long-term.
- Higher tariffs raise costs across the economy, increasing consumer prices by about 1.2% and reducing household disposable income by $270 billion (1.4%), which leads to a 1.6% decline in consumer spending.
- Business activity contracts sharply, with private investment falling 4.1% and exports declining by more than 2%, reflecting reduced competitiveness and weaker global demand.

Trade Partnership Worldwide and National Retail Federation, *Estimated Impacts of Changes to China's Tariff Status* (Oct. 12, 2023)[16]

- Revoking China's PNTR and applying Column 2 tariffs would significantly raise prices on common consumer goods, including increases of tariff rates to 21.4% for toys, 6.8% for household appliances, and 4–5% for furniture, apparel, and footwear.
- Across five major consumer categories alone, higher tariffs would reduce U.S. consumer spending power by nearly $31 billion annually, or about $240 per household.
- Demand falls sharply as prices rise, with toy purchases declining 38%, appliances 12.6%, apparel nearly 10%, and footwear nearly 9%.
- Supply chain substitution is limited: in many cases, most production cannot shift away from China in the short term, leading to price pass-through rather than relocation.
- Net economic effects are negative across categories, with billions in annual losses to the U.S. economy (*e.g.*, $7.7 billion for toys, $5.4 billion for furniture, $8.5 billion for apparel).
- The burden falls disproportionately on lower-income households, which spend a larger share of income on affected goods and face higher effective cost increases.

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[15] Oxford Economics, *The Impact of China PNTR Repeal and Increased Tariffs on the U.S. Economy and American Jobs* (Nov. 2023), prepared for the U.S.-China Business Council, https://www.uschina.org/wp-content/uploads/2023/11/the_economic_impact_of_china_pntr_repeal.pdf.

[16] Trade Partnership Worldwide, *Estimated Impacts of Changes to China's Tariff Status: Toys, Furniture, Apparel, Household Appliances and Footwear* (Oct. 12, 2023), prepared for the National Retail Federation, https://878aa83cc2d438d2d97e-d54e62f2f7fc3e2ff1881e7f0cef284e.ssl.cf1.rackcdn.com/*JGold%20docs/NRF%20China%20PNTR%20Study%20-%20Apparel-Footwear-Furniture-Household%20Appliances-Toys%20FINAL%20101223.pdf.