



May 18, 2022

President Joseph R. Biden  
The White House  
1600 Pennsylvania Ave NW  
Washington, DC 20500

RE: Tame Inflation with Tariff Relief

Dear President Biden,

On behalf of the National Retail Federation, we are writing to request immediate tariff relief to address the ongoing inflation facing American businesses, workers and consumers. The latest Consumer Price Index and Producer Price Index data shows that consumer prices increased 8.3 percent and wholesale inflation rose 11 percent over the past year. Consumers and businesses continue to feel the pain of higher prices across the board from everyday goods and services to rent and groceries and gas. Removing the harmful China 301 tariff will alleviate some of the inflationary pressure on the U.S. economy.

NRF is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and internet retailers from the United States and more than 45 countries. Retail is the nation's largest private-sector employer, supporting one in four U.S. jobs — 52 million working Americans. Contributing \$3.9 trillion to annual GDP, retail is a daily barometer for the nation's economy.

The current surge in inflation is caused by many factors, and it will require a careful balance of fiscal and monetary policy solutions to bring it under control. We have noted the administration's recent policy recommendations regarding inflation, and we respectfully observe that one of the most effective and meaningful tools — tariff relief — has not yet been put forward. This is a missed opportunity. Inflation is likely to linger in the economy for many months. The steps being taken by the Federal Reserve — shrinking its balance sheet and raising interest rates — are primary tools to reduce demand for goods and services so that price increases moderate. Unfortunately, this could further hurt businesses, workers and consumers.

Providing relief from the harmful Section 301 tariffs on goods from China would reduce the CPI by 1.3 percentage points, immediately helping alleviate inflation. These tariffs, many of them in effect since 2018, have not achieved their desired goal of pressuring China to change its trade policies.

Tariffs are a tax that is paid by the U.S. importer, not China. To date, U.S. Customs and Border Protection has collected almost \$136.5 billion from U.S. importers since the tariffs went into effect. As the Federal Reserve Bank of New York recently [pointed out](#), these tariffs “continue to

be almost entirely borne by U.S. firms and consumers.” According to a recent [Moody’s Investor Service Report](#), the tariffs “hit American businesses and consumers hardest,” with China absorbing only 7.6 percent of the tariffs “while the rest of the tab was picked up by Americans.” The tariffs, which are applied to everything from parts and materials to finished goods, have only resulted in increased costs that ultimately get passed along to the end consumer. The Congressional Budget Office [estimated](#) that the tariffs cost the average American household more than \$1,200 in 2020.

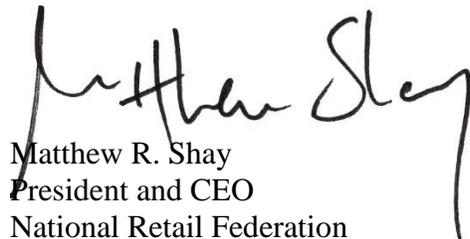
Several key administration officials including [Treasury Secretary Janet Yellen](#) and [Deputy National Security Advisory Daleep Singh](#) have commented that the tariffs serve no strategic purpose and could be lowered. In addition, we have seen [141 bipartisan House members](#) and [41 bipartisan senators](#) urge U.S. Trade Representative Katherine Tai to open a broader tariff exclusions process to provide further relief.

We have also seen a cross-section of economists from all political parties call for tariff relief as a means to address inflation. This includes [Jason Furman](#), former Chairman of the White House Council of Economic Advisers, as well as the [Progressive Policy Institute](#), [Peterson Institute for International Economics](#), the [Cato Institute](#) and the [Tax Foundation](#).

Overly broad action by the Fed alone could inflict significant and lasting damage to consumers. Providing tariff relief now can alleviate inflation pressures in the economy and provide targeted relief to consumers until the Fed’s job is done.

We appreciate your attention to this critical issue. The retail industry stands ready to work with your administration to address these inflation issues.

Sincerely,

A handwritten signature in black ink that reads "Matthew Shay". The signature is written in a cursive, flowing style.

Matthew R. Shay  
President and CEO  
National Retail Federation