

Joseph Barloon
General Counsel
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508
Docket Number USTR-2019-0004

Re: Request to Appear to Provide Testimony Concerning Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

The Tea Association of the USA, Inc. thanks you for the opportunity to respond to the proposed modification of action pursuant to section 301: China's acts, policies, and practices related to technology transfer, intellectual property, and innovation. Our recommendation is to remove black and green teas (HTS subheadings: 0902.10.10, 0902.10.90, 0902.20.10, 0902.20.90, 0902.30.00, 0902.40.00) and instant tea / extracts (Instant/Extracts of Tea (2101.20 series) from the proposed product list. As the President of the Tea Association of the USA, Inc., I'd appreciate the opportunity to present testimony to the Section 301 Committee about the importance of the tea industry in the United States (U.S.) and the disproportionate economic harm these tariffs would have on U.S. tea business and U.S. consumers. Below is a summary of my proposed testimony.

- Founded in 1899, the Tea Association of the USA, Inc. was formed to promote and protect the interests of the tea trade in the United States and is the recognized independent authority on tea. Our members span the full tea supply chain from growers to packers.
- The Tax and Duty Free import of tea was one of the founding tenets of the American Revolution. The free and unencumbered import of pure tea from its origin is a centuries-old tradition.
- The purpose of the tariffs is to change China's practices relating to technology transfers, intellectual property and innovation. Imposing punitive tariffs on tea would not be effective in changing these practices because tea exports are a very small part of China's overall tea sector. Most tea that China produces is consumed domestically. Moreover, the tea trade does not suffer from unfair technology transfers, theft of intellectual property or stifled innovation. Further, punitive tariffs would have a disproportionate economic impact on small and medium-sized enterprises because most of the U.S. importers (those that pay the tariffs) are small businesses.

Tea Association[®] of the U.S.A. Inc.

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- The United States is not a tea producing nation. There is virtually no commercial tea grown that needs to be protected by tariffs, nor are there any farm-based jobs that would be protected.
- Like wine, tea varies dramatically due to local terroir (geography, climate and local manufacturing techniques). China has many unique teas that are unavailable elsewhere, due to their unique cultivars, terroirs and processing methods. In the area of specialty tea, many teas are unable to be sourced anywhere else in the world.
- Tea production long predates China's rise as a manufacturing powerhouse – it is a rural-based, long-term crop that was not designed to capture foreign business. Its primary market is domestic, which will benefit from a rise in supply due to smaller exports. Further, the percentage of tea exported from China is minimal and China would not be impacted. According to International Tea Committee (ITC) 2017 Annual Bulletin of Statistics:
 - China produces ~5.2 Billion pounds of tea and retains ~4.5 Billion pounds for domestic consumption
 - China exports 0.042 billion pounds (42,744,989 pounds) to the U.S. **(less than 1% of total production)**

This quantity is not a meaningful amount of tea, considering their huge production.

- The imposition of tariffs on Chinese tea will not impact the Chinese producer, exporter or government. However, it **will** negatively impact the U.S. consumer.

We strongly urge you to forego a tax (tariff) on tea as it will negatively impact American businesses and citizens and have no effect on the trade issues with China. I look forward to the opportunity to provide my testimony to the Section 301 Committee.

Sincerely,



Peter Goggi
President

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