



April 9, 2018

The Honorable Steven Mnuchin
Secretary of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Dear Secretary Mnuchin,

I am writing on behalf of over 60 of the world's most dynamic and innovative companies who are members of the Information Technology Industry Council (ITI), and who are also proud participants in an innovation ecosystem that employs over seven million Americans and is responsible for nearly seven percent of the nation's GDP. My purpose in writing is to lend our support to the administration's objective of redefining the relationship with China, raise our concern about the focus on tariffs, and to encourage a multilateral approach that includes immediate face-to-face meetings with the Chinese Government.

China is one of America's most important bilateral relationships. As the world's two biggest economies, the range of interconnected interests is immense. It is hard to think of any product that does not include ideas or components that emanate from the United States and China. As such, China is not a country that our companies or the United States can walk away from.

Unfortunately, China has abused the privilege of its membership in the World Trade Organization (WTO). China has promised open and fair trade, but has instead promulgated rules, regulations, and practices aimed at encumbering non-Chinese companies. This current approach cannot be sustained. Accordingly, we recognize the need to create a fair and reciprocal trade relationship with China.

While we support the 301 Investigation process and believe the Office of the United States Trade Representative's (USTR) final 301 report was comprehensive and thoughtful, we cannot support the heavy focus on tariffs as a solution. Our opposition to tariffs is pragmatic. Tariffs do not work. From McKinley to Smoot-Hawley to recent tariffs on steel imports, tariffs have failed as a tool for opening markets. Instead, they increase costs for American consumers, harm the American economy, inhibit job growth, and are inevitably reversed because of the negative economic impacts and political fallout.

Instead of tariffs, we strongly encourage the administration to build an international coalition that can challenge China at the WTO and beyond. Numerous countries share the United States' concerns about China and its unfair trade practices. The United States is uniquely well-situated to lead that coalition.



We know first-hand that such international coalitions do work. Over the years, as China has ignored international norms, coordinated international pressure and the real threat of public embarrassment have made the difference. The Wireless Authentication and Privacy Infrastructure (WAPI) standard, Green Dam, and secure and controllable banking regulation are three recent examples. China has made many commitments over the years; however, a lack of vigilance in holding China accountable over the long-term – coupled with lengthy bilateral statements of commitments with no enforcement mechanism – has resulted in China reverting to unfair trade practices. The Trump Administration is well positioned to both challenge China’s behavior and hold them to account.

We strongly encourage you and others in the administration to quickly mobilize a coalition of allies that will travel to China to negotiate a balanced, fair, and reciprocal trade relationship, including implementation timelines and accountability mechanisms.

It is time for the international community, led by the United States, to stand up and tell China that failure to adhere to international norms and obligations will no longer be tolerated. The time to initiate negotiations is now.

Respectfully,

A handwritten signature in black ink, appearing to read "D. Garfield", is written over a horizontal line.

Dean Garfield
President and CEO
Information Technology Industry Council (ITI)

CC: United States Trade Representative Robert E. Lighthizer