SAF
SOCIETY of AMERICAN FLORISTS

September 6, 2018

The Honorable Robert E. Lighthizer
United States Trade Representative
Office of the U.S. Trade Representative
600 17th Street, NW
Washington, DC 20508

Docket No. USTR-2018-0026

RE: Request for Public Comment Concerning Proposed Modification of Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

Dear Ambassador Lighthizer:

The Society of American Florists (SAF) appreciates the opportunity to comment on the proposed modification of action pursuant to Section 301, in the form of an additional 25 percent *ad valorem* duty on products of China.

SAF members produce, distribute and sell fresh cut flowers and foliage, foliage plants, potted flowering plants and bedding plants that compete in the international marketplace. The floriculture industry in the U.S., valued at over $30 billion, employs approximately 750,000 individuals at nearly 28,000 businesses across the country including: growers, wholesalers, retailers, importers and related organizations located in communities nationwide.

Imposing increased tariffs on floral containers from China would not be practicable or effective to obtain the elimination of China's alleged unfair acts, policies, and practices, and would cause disproportionate economic harm to U.S. interests, including SAF members based in the United States.

SAF members express concern that the proposed additional duty on listed products from China will have a negative effect on the U.S. floriculture industry. The Federal Register Notice states that trade analysts, in considering the products subject to additional tariffs, took account of likely impacts on U.S. consumers and removed subheadings likely to cause disruptions to the U.S. economy. The proposed duties would significantly increase product costs for packaging and containers routinely used in the floral industry.

As a general rule, a container should be 10% of the cost of a floral arrangement. The impact of the prosposed tariff increases on the $30 billion American floriculture industry will be $3 billion. If the cost of containers are increased by 25%, the cost of goods to florists would by 2.5% which can represent half their profit.

1001 N. Fairfax Street
Suite 201
Alexandria, VA 22314
USA
703.836.8700 voice
703.836.8705 fax
www.safnow.org
www.aboutflowers.com

As such, SAF urges USTR to remove products under the following HTSUS codes from the proposed list subject to additional tariffs:

2505.90.00.00	4823.90.20.00
2506.10.00.50	4823.90.86.00
4403.99.00.30	6810.99.00.80
4403.99.00.91	6914.90.80.00
4420.90.80.00	7326.20.00.90
4421.91.97.80	9403.60.80.81
4602.12.35.00	9405.40.84.40
4602.19.17.00	9405.50.40.00
4602.19.35.00	
4602.19.60.00	

While the removal of all of the HTSUS codes above is important to the American floriculture industry, codes proposed tariff increases on codes 4421.91.97.80, 4602.19.17.00, 6914.90.80.00, and 9405.50.40.00 represent approximately 90% of affected products.

SAF supports the Administration's efforts to improve the protection of technology, intellectual property, and innovation. However, SAF favors resolution through negotiation before imposing broad based tariffs. In that respect, SAF urges USTR to schedule without further delay meaningful meetings with Chinese officials to resolve the ongoing trade dispute.

U.S. floral retailers and, ultimately, consumers, will bear a disproportionately undue burden in floral trade if products in these subheadings are subject to tariffs.

Thank you for the opportunity to submit comments to this proposed modification.

Sincerely,

Drew Gruenburg
Chief Operating Officer