



February 6, 2019

An Open Letter to President Trump and Congress:

American workers, consumers, and businesses of all trades and sizes have benefitted immensely as the United States has strengthened our trade relationships with countries around the world. In recent months, the Trump Administration has embarked on sweeping changes that could have consequential effects – some negative and some positive – on U.S. taxpayers and the nation’s overall economic health. Therefore, we call on the Administration and Congress to work together in 2019 on the formation and implementation of sound trade policies, especially with regard to the following priorities:

- **The United States-Mexico-Canada Agreement (USMCA):** Although Congress may have additional input through implementing legislation, it should move forward without delay to begin consideration of the modernized North American Free Trade Agreement (NAFTA). After 25 years, the benefits of this historic accord are clear. As many as [14 million](#) U.S. jobs now depend on trade with Canada and Mexico. The per capita GDP of all three countries has soared since implementation, with real U.S. per-capita GDP up nearly [50 percent](#). From U.S. manufacturers who rely on competitively priced raw materials that come from our North American neighbors to the 82,000 small to medium-sized businesses that have Canada and Mexico as top export destinations, a strong trade relationship in this hemisphere is vital.
- **Section 301 tariffs on Chinese products:** The announcement of a 90-day ceasefire in December on an additional tariff increase on \$200 billion worth of goods from China from 10 percent to 25 percent, was helpful and welcome. While negotiators are using the breathing room to reduce trade frictions, existing tariffs continue to negatively affect many U.S. businesses. The global trade war has placed intense stress on international markets, with [two](#) of the top ten highest point drops of all time in the Dow Industrial Average taking place after the announcement of tariffs on Chinese goods. Business growth is challenged by trade uncertainty between the United States and China.
- **Section 232 tariffs on steel and aluminum imports:** Tariffs on steel and aluminum imports imposed under Section 232 of the Trade Act of 1962 harm U.S. economic security by making goods more expensive for working families, suppressing business growth, and distorting markets. Since the implementation of these tariffs, many small manufacturers and other businesses in the United States have struggled to remain profitable and competitive. Tariffs to protect one industry inevitably harm other industries and prompt our trading partners to retaliate. In addition, Congress should, within its Constitutional authority, clarify and revise Section 232. A greater oversight role for Congress will serve U.S. security objectives, complement the Executive Branch’s role, and enable lawmakers to be fully engaged in trade policies that directly and profoundly affect the people they represent.

- **Retaliatory tariffs and compensation:** Trade wars are never one-sided affairs. After the implementation of tariffs on Chinese imports, [Chinese leadership](#) was quick to retaliate by imposing tariffs on billions of dollars of American goods. Agriculture is one sector where the United States has long enjoyed a trade surplus with the Chinese, as exports to China increased [tenfold](#) between 2000 and 2017, with a value of \$19.6 billion, or 14 percent of U.S. agricultural exports. Expanded market access, not deficit-financed farm [aid](#), is the way to sustain growth.
- **Exclusion process issues:** Amid the imposition of tariffs on thousands of goods, U.S. companies are seeking relief through exclusions. According to a Mercatus Center [analysis](#), the Commerce Department's exclusion process is slow and lacks transparency. Requests for exclusion from tariffs imposed under Section 232 and Section 301 should be free of unnecessary red tape and bureaucratic delays.

Last year more than 1,100 economists, including 15 Nobel Laureates, [wrote](#):

We are convinced that increased protective duties would be a mistake. They would operate, in general, to increase the prices which domestic consumers would have to pay. A higher level of protection would raise the cost of living and injure the great majority of our citizens. Such action would inevitably provoke other countries to pay us back in kind by levying retaliatory duties against our goods. Finally, we would urge our Government to consider the bitterness which a policy of higher tariffs would inevitably inject into our international relations. A tariff war does not furnish good soil for the growth of world peace.

When formulating American trade policy for 2019, we urge Congress and the Administration to follow their advice.

Sincerely,

Bryan Riley
Free Trade Initiative Director
National Taxpayers Union