**LEVELING THE PLAYING FIELD |** WHY TRADE ACTION IS NECESSARY

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**The United States is a free trade country, but many of our trading partners are not. For an example, let’s take the case of the car:**

* If a foreign producer wants to sell a car into the United States, they’re charged a 2.5% tariff.
* BUT, if an American company wants to sell a car into the EU, they’re charged a 10% tariff – and that’s before the VAT.
* AND, if an American company wants to sell a car into China, they’re charged a 25% tariff.

**This is NOT an isolated case. U.S. manufacturers face unfair tariffs across the world. Take for example the following industries, where U.S. tariff rates are at 0% or are lower than other countries:**

1. Motorcycles: US (0%), China (42.1%), EU (6.57%)
2. Fruit juices: US (0%), China (19%), EU (18.3%)
3. Monitors: US (2.1%), China (24.5%), EU (14%)
4. Ski boots: US (0%), China (24%), EU (17%)
5. Bananas: US (0%), China (10%), EU (16%)
6. Neck ties: US (7.5%), China (14%), EU (10%)
7. Ball bearings: US (5.7%), China (8%), EU (8%)
8. Grapes: US (0%), China (11.5%), EU (8.4%)

**The U.S. is not operating in a true free-market – the President opposes trade agreements that help foreign producers at the expense of American producers and the workers they employ:**

* Other members of the G-20 generally face lower levels of tariffs compared to those they impose, on a simple average basis.
* The US is particularly disadvantaged on our agricultural exports, with an 11.6 percent difference between the tariffs we charge versus what we face.
* If we look at the same products for the G20 countries, they have a negative 4.8 percent difference on agriculture products – meaning they impose more tariffs on imports than what their exporters face.

**As a result, the U.S. trade deficit jumped to more than a 9-year high in January:**

* Today, the Commerce Department said that the trade gap jumped 5 percent to $56.6 billion, the highest level since 2008.
* The shortfall with China widened sharply – to $36 billion – the highest since Sept. 2015.
* The deficit with Canada was the highest in three years.

**Consistent with the** [**National Security Strategy**](https://www.whitehouse.gov/articles/new-national-security-strategy-new-era/) **President Trump announced in December 2017, the President’s Trade Policy Agenda recognizes that economic prosperity at home is necessary for American power and influence abroad.**

**Every President in the modern age has recognized this trade issue and has tried to fix it.**

**President Trump is a great negotiator, and he knows that to restore fairness to this system, he has to show our trading partners that he’s serious.**

**In January, the USTR issued tariffs against the solar and washer industry and the action sparked no trade war – only more investment in the U.S.**

* After an investigation into the washer industry was initiated, both Samsung and LG announced plans to build large factories in Newbery, South Carolina and Clarksville, Tennessee.
* After the tariffs were announced, Whirlpool said it would add 200 jobs at their Clyde, Ohio plant.

**Already, we’re beginning to see this trend play out in the steel and aluminum industry:**

* Today, it was announced a new aluminum smelter will open in New Madrid County, Missouri, at the site of the former Noranda Aluminum plant.
* **U.S. Steel** CEO David Burritt said on CNBC this morning: “We will be calling back 500 employees. This feels like the beginning of a renaissance for us. We’re finally doing the right thing for American workers after decades, decades of unfairly traded steel into the United States. So we’re really happy and delighted to share with everybody that we’re back on track after so many years.”
* **Zekelman Industries** announced they intend to give $1,000 bonuses to their 2,300 employees as a result of the steel action.
* **Century Aluminum** said the tariffs would guarantee it enough business that the company would go ahead with a $100m investment in a Kentucky plant that is now operating at 40 percent of its capacity, and to rehire just under 300 workers.

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