April 14, 2015

Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

Honorable Harry Reid
Minority Leader
United States Senate
Washington, DC 20510

Dear Speaker Boehner, Majority Leader McConnell, Leader Pelosi, and Leader Reid:

On behalf of the Alliance for American Manufacturing (AAM), I write to urge your support for a smart trade agenda that seeks to open new markets for American-made products while enhancing and enforcing trade rules so that U.S. companies and American workers can rely on, and actually benefit from, free market principles. On both fronts, American manufacturing needs a fair opportunity to compete.

The President has made it clear that the United States – and not countries like China – should be the one writing this century’s rules for the world’s economy. We couldn’t agree more. And, to ensure that America’s free market principles prevail rather than China’s beggar- thy-neighbor policies, future trade agreements – and any legislation to facilitate their approval – must take aggressive steps to ensure that U.S. companies and workers have a level playing field. At the same time, domestic trade laws should be strengthened so that they remain an effective tool for responding to unfair trade.

Enforce U.S. Rights Under Trade Agreements. Trade agreements have tremendous potential to create new opportunities for U.S. businesses and jobs for their employees, unlocking new customers to purchase American-made products. Yet, the results of even well-negotiated deals can fall well short of expectations if unfair trade practices – like dumping, subsidies, currency manipulation, and other market distortions – are left unchecked. The trade agreements under negotiation must be high standard agreements that address not only traditional issues, like market access, but also the competitive challenges that our companies increasingly face around the world. Issues such as addressing State-Owned Enterprises, Rules of Origin and others must be appropriately resolved. Trade is a three-dimensional problem confronting our nation and we must rise to the challenge and negotiate trade rules that ensure a level playing field. We urge your support for vigorous enforcement of U.S. rights under trade agreements and the inclusion of strong, enforceable rules in all future deals to ensure that no other country is able to unfairly benefit from trade at our expense.

Trade Law Proposals to Strengthen U.S. Manufacturing and Agriculture. America’s workers can outcompete anyone if the playing field is level, but when unfair foreign trade occurs our antidumping and countervailing duty laws are necessary to ensure that free market principles are upheld. These laws have been weakened over time, however, and have become a less-effective tool to counter 21st century predatory practices by China and other trade cheaters. For example, these laws require that excessive time, cost, and economic harm be incurred by U.S. companies and workers before they can gain relief. Often, by the time “injury” has occurred and can be demonstrated, our markets have already been flooded with unfairly traded goods leading to suppressed prices, plant closures, and layoffs. We urge your support for proposals to strengthen enforcement and administration of U.S. trade laws. It is critical that the Department of Commerce uses appropriate information to make an
informed and effective decision on the extent of cheating and that the International Trade Commission can make timely and positive determinations of injury when unfair trade occurs. These improvements – referred to as *Trade Law Proposals to Strengthen U.S. Manufacturing and Agriculture* – are WTO-consistent and reflect the original intent of Congress that U.S. companies and American workers be afforded a timely, proactive, and effective remedy to counter unfair trade and restore fair market conditions.

**Deter Currency Manipulation.** According to the researchers at the Peterson Institute, foreign currency manipulation has cost the United States between one million and five million jobs and has caused our trade deficit to increase by $200 billion to $500 billion per year. China is perhaps the worst offender and benefited from a massive $343 billion trade surplus with the United States last year. Japan, too, has a lengthy track record of foreign exchange manipulation and, in recent years, has aggressively devalued the yen to boost its own exports at our expense. Indeed, the Economic Policy Institute estimates that the trade deficit with Japan, driven by currency devaluation and structural impediments, cost the United States nearly 900,000 job opportunities in 2013. President Obama has been unwilling to name China or Japan a “currency manipulator” and has, instead, pursued a strategy of quiet and unfruitful dialogue with no discernable impact. A bipartisan majority in both the House and Senate want to see more aggressive action to deter and enforce rules on currency manipulation. *We urge your support for bipartisan legislation to clarify that existing U.S. trade remedy laws may be used to level the playing field against currency manipulation. And, we urge your support for the inclusion of strong and enforceable currency manipulation provisions in the TPP and any trade promotion authority legislation.*

**Enforce Trade at the Border.** Even after U.S. companies and workers have successfully gained relief from unfair trade, foreign exporters still find ways to evade U.S. trade laws using deceitful practices like mislabeling products, submitting fraudulent documents at the border, and transshipment of products through a third country. *We urge your support for bipartisan legislation to ensure that Customs and Border Protection better combats circumvention of our trade laws at the border.*

**Address Global Overcapacity.** Foreign producers, often backed by aggressive government support, continue to add production capacity even as global demand slows. Because the United States has a large and open market, it has become the prime target as a dumping ground for excess supply stemming from overcapacity. The domestic steel industry experienced a 38 percent surge of imported steel from 2013 to 2014, with imports capturing a record 28 percent of the market. This trend is similar in many other sectors and the outlook for 2015 and beyond is troubling. *More attention to and timely action to rein in harmful global overcapacity is needed.*

Thank you for your attention to these important issues. We look forward to working with you on a trade agenda that benefits U.S. companies and American workers.

Sincerely,

Scott N. Paul
President

Cc: U.S. Senate and U.S. House of Representatives