

SHERROD BROWN

OHIO

COMMITTEES:

AGRICULTURE, NUTRITION,
AND FORESTRY

BANKING, HOUSING,
AND URBAN AFFAIRS

FINANCE

VETERANS' AFFAIRS

United States Senate

WASHINGTON, DC 20510 - 3505

November 16, 2016

President-Elect Donald J. Trump
Presidential Transition Headquarters
1800 F Street, NW, Room G-117
Washington, D.C. 20270

Dear President-Elect Trump:

For more than two decades U.S. trade policy has undermined American workers and manufacturers. Flawed trade agreements have closed factories and offshored jobs, devastating communities in Ohio and across the country. During your presidential campaign, you promised to overhaul US. trade policy and to support American manufacturers and their workers. I urge you to live up to those promises.

As a result of the North American Free Trade Agreement (NAFTA), U.S. corporations have relocated to Mexico and taken the livelihoods of hundreds of thousands of American workers with them. NAFTA must be renegotiated to stop these job losses, and I ask you to make its renegotiation an immediate priority once in office. Companies shift production to Mexico to take advantage of low labor and environmental standards against which U.S. workers cannot compete. They are also motivated to leave the U.S. by the investor-state dispute settlement (ISDS) provisions, which provide a special corporate court for companies to challenge government policies that affect their investments. Other U.S. factories have shuttered due to the agreement's rules of origin that allow companies in China and elsewhere to provide components for products that are still eligible for NAFTA's benefits. And American manufacturers have been harmed by provisions that allow antidumping and countervailing duty determinations to be reviewed. All of these flaws must be addressed in any NAFTA renegotiation to prevent the loss of more American jobs.

NAFTA's mistakes were compounded in the Trans-Pacific Partnership (TPP), and I urge you to follow-through on your commitment to withdraw from the agreement. Like NAFTA, the TPP would benefit corporations at the expense of American workers, whose jobs would be shipped overseas to TPP countries such as Vietnam. The agreement includes ISDS, inadequate labor standards, and a meaningless side agreement on exchange rates. TPP's rules of origin are significantly weaker and more porous than those in NAFTA. For example, the auto rules of origin would benefit Japanese and Chinese auto companies and threaten the entire U.S. auto supply chain and the steel industry. We cannot afford more trade agreements that gut our manufacturing sector and send good paying jobs to our competitors. I hope you will abandon the TPP as one of your first acts as president. In addition, I ask you to undertake a comprehensive review of all our existing trade agreements to determine how they can be improved and pause all current negotiations until that review is completed.

In addition to overhauling the U.S. approach to trade agreements, your Administration must overhaul U.S.-China trade relations. China's membership in the World Trade Organization (WTO) should be reassessed, and we must strengthen our trade enforcement efforts to give our workers and manufacturers a level playing field. Millions of American jobs have been lost since China joined the WTO in 2001. And thousands of workers at U.S. steel mills and in our aluminum supply chain have been laid off because China's trade violations make it impossible for U.S. companies to compete. You can help our manufacturers and these workers by resetting our trade relationship with China and by making trade enforcement a priority, and I urge you to take the following actions in your first 100 days in office.

Reset U.S.-China Trade Relationship: You should seek to renegotiate China's Accession Protocol to the WTO. China has failed to fully comply with its WTO commitments since joining the trade organization, and these violations have come at the expense of American jobs. In addition, the commitments were negotiated on behalf of multinational corporations focused on increasing profits by moving production overseas. We cannot prevent more American job losses if we do not reset our trade relationship with China.

Fight Currency Manipulation: You should instruct the Commerce Department to investigate currency manipulation in countervailing duty trade cases when alleged by U.S. petitioners. By directing the Commerce Department to treat currency manipulation as the unfair subsidy that it is, you will provide American manufacturers with additional ways to fight back against competitors who do not play by the rules.

Take Action Against China's Unfair Trade Practices: In addition, you should bring a WTO case against China's unfair trade practices that have contributed to an enormous oversupply of steel production capacity in the global market. China's policies have forced thousands of America's steelworkers out of jobs and have compelled too many of our steel mills to idle or close. The U.S. aluminum supply chain is similarly in crisis from China's trade violations, and we need to respond aggressively to prevent more layoffs. I urge you to bring a separate WTO case against China on behalf of our domestic aluminum industry.

Maintain China's Nonmarket Economy Status: You should commit to maintaining China's nonmarket economy status until it has fully transitioned to a market economy. The Chinese government maintains significant control over its economy, especially in critical sectors such as the steel, aluminum, and tire sectors, among others. Giving China market economy status – for the country or for individual sectors – will dismantle U.S. manufacturers' ability to get relief from our trade laws when Chinese competitors dump goods or sell illegally subsidized products in our market.

Stop Negotiations on the U.S.-China Bilateral Investment Treaty: You should halt all negotiations on the U.S.-China Bilateral Investment Treaty. Entering another trade deal with China when they have routinely violated existing trade commitments will invite more infractions and harm U.S. workers.

If we do not take these actions to reset U.S.-China trade relations and bolster our trade enforcement efforts, China will continue to think that it can violate international trade laws and undermine American manufacturers with impunity.

Finally, I ask you to select a nominee for United States Trade Representative (USTR) with a background in the manufacturing sector. An individual with manufacturing expertise will bring the appropriate perspective of domestic production and employment to an agency that has been focused on helping corporations make profits overseas. In addition, a manufacturing-minded USTR will enable you to follow through on your commitment to make domestic producers, including the U.S. steel sector, a top priority.

You were elected in part because you promised American workers in Ohio and across the country that you would not only listen to their concerns about U.S. trade policy but also act on them. I have heard similar promises from previous presidential candidates who, after pressure from the corporate community, changed their positions on trade when they took the oath of office. I urge you to stay true to your campaign commitments and rewrite U.S. trade policy so that it puts workers before corporations, grows the U.S. manufacturing sector, and creates more American jobs.

Sincerely,



Sherrod Brown
United States Senator