

THE NEW ENGLAND COUNCIL

November 28, 2018

The Honorable Robert Lighthizer
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20006

Dear Ambassador Lighthizer,

On behalf of The New England Council, the nation's oldest regional business association, I write today to respectfully request that the Administration reconsider the imposition of tariffs on products imported into the United States from China, and work to resolve differences with this key trading partner to avoid further tariffs on additional imports.

Founded in 1925, The New England Council is a non-partisan alliance of businesses, academic and health institutions, and public and private organizations throughout New England formed to promote economic growth and a high quality of life in the New England region. Our mission is to identify and support federal public policies and articulate the voice of its membership regionally and nationally on important issues facing New England. The Council works to foster positive working relationships between its members and key federal policy makers, including members of Congress and leaders of federal agencies.

As you are aware, it was announced this past spring that the Administration would be placing tariffs on \$50 billion on imports from China, and recently the Administration implemented additional tariffs on some 5,745 full or partial tariff lines related to Chinese imports. These latest tariffs of 10 percent target \$200 billion worth of imports from China even as a number of significant consumer items – including electronics, textiles, car seats, certain chemicals for manufacturing, and children's furniture – were left off the list of potential tariff targets.

The President stated at the time these tariffs were levied that he would increase the tariff level to 25 percent at the start of the new year absent constructive negotiations from Chinese officials. Moreover, the President specified he would also consider implementing another round of tariffs impacting remaining imports from China – totaling \$257 billion or more. Recent reports indicate that if the Chinese government does not engage in serious discussions with the Administration on reducing the trade deficit between our two nations, then the White House will indeed implement this final round of tariffs before the end of this year.

As most would expect, China is not sitting-by as the United States implements tariffs. Indeed, they have applied some \$110 billion of their own tariffs on American goods to date, and it is likely that additional tariffs placed by the United States government will be met with further action by China against U.S. business interests.

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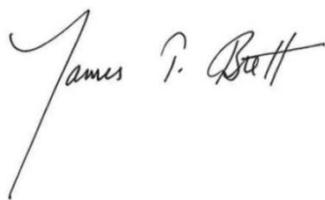
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According to recent data from the U.S. Chamber of Commerce, over \$3.4 billion in total exports to China from New England are under threat of retaliatory tariffs. In addition, there is some concern that tariffs on trade inputs are having a growing impact on the ability of companies to contain costs, while there is also concern that increased tariffs on industrial parts have the potential to negatively impact advanced manufacturing here in the United States. Finally, some reports indicate that customers and regulators in China are starting to favor business competitors in Europe, Japan, and elsewhere over U.S. businesses, which would not bode well for New England businesses' long-term presence in the world's second largest economy.

We understand that there are areas where the interests of American companies have been and are being impacted by actions taken by China on such issues as intellectual property, data flows, investments, and technology transfer. The United States is correct to raise concerns about such actions – some which have been persistent challenges – and many of our business leaders are supportive of efforts by the Administration to fully engage in a dialogue with China's leaders to bring an end to such activities and provide a level playing field. The New England Council is heartened by President Trump's statement earlier this month that China does want to make a deal with the United States, and commends the President for taking the initiative to meet with President Xi at the G-20 summit this week. We hope the two leaders will be able to agree to measures to de-escalate trade tensions.

There is concern among a number of New England Council members, however, that absent a deal, the ongoing levies of existing tariffs by both nations and the introduction of additional tariffs could raise costs, affect supply chains, and impact market share. Subsequently, there is anxiety that this could lead to a slow-down in our nation's economy, stymie domestic and global business growth, and foster subsequent job losses in New England and elsewhere across the United States. The New England Council encourages the President and his Administration to seek a resolution to this ongoing dispute with China that will protect U.S. interests, while also allowing for the resumption of free trade between our two nations.

Sincerely,

A handwritten signature in black ink that reads "James T. Brett". The signature is written in a cursive style with a large, sweeping initial "J".

James T. Brett
President & CEO

CC: The Honorable Steven Mnuchin
The Honorable Wilbur Ross
The New England Congressional Delegation – House and Senate

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