

**Aric Newhouse**  
Senior Vice President  
Policy and Government Relations

March 22, 2023

The Honorable Ron Wyden  
Chairman  
Committee on Finance  
U.S. Senate  
Washington, DC 20510

The Honorable Mike Crapo  
Ranking Member  
Committee on Finance  
U.S. Senate  
Washington, DC 20510

The Honorable Jason Smith  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Richard Neal  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Wyden, Chairman Smith, Ranking Member Crapo and Ranking Member Neal:

Manufacturing employs roughly 13 million Americans and contributes \$2.81 trillion to the U.S. economy annually. Taken alone, that output would make it the eighth-largest economy in the world. Manufacturers have one of the largest sectoral multipliers in the economy and provide well-paying jobs, with manufacturing employees earning \$95,990 on average, including pay and benefits, bolstering the economic security of American families.

Much of this success is possible thanks to fair, open and predictable trade that delivers results for manufacturers and workers in America. Exports fuel more than half of all U.S. manufacturing production and support the jobs of more than 6 million manufacturing workers. Workers in export-intensive sectors earn 26% more on average than in other sectors. Small and medium-sized manufacturers especially benefit from export opportunities, as 95% of all exporting businesses are SMMs.<sup>1</sup>

Unfortunately, U.S. economic leadership is at risk in the increasingly competitive global economy, as our commercial rivals seek to set the rules for global trade and negotiate new agreements that lock in advantages for their businesses at the expense of ours.

Manufacturers urge you and your committees to engage on a series of key trade priorities in the 118th Congress to promote growth and opportunity for manufacturers, workers and the broader American economy.

**1. Pursue Renewal of Trade Promotion Authority to Enable New, Ambitious, High-Standard U.S. Trade Agreements**

Manufacturers must be able to compete in a global economy by selling not only to U.S. consumers but also to the 95% of the global population living outside of the U.S. That points to the urgent need for an ambitious, market-opening trade agenda, including the negotiation and

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<sup>1</sup> U.S. Census Bureau, "[Profile of U.S. Importing and Exporting Companies: 2020-2021](#)," Oct. 5, 2022.

implementation of robust trade agreements that strengthen manufacturers in America, the jobs they create and the communities they support.

Trade agreements play a critical role in promoting U.S. global economic leadership, promoting American values, deepening economic ties with friends and allies, comprehensively opening markets for American-made goods and diversifying and securing supply chains. Without such agreements, manufacturers in the U.S. risk being left behind while our global competitors actively negotiate new agreements that exclude us.

Manufacturers respectfully urge Congress and the Biden administration to prioritize congressional passage of Trade Promotion Authority to enable the U.S. negotiation of new, cutting-edge trade agreements. Such an agenda must comprehensively open markets, support U.S. technology leadership and innovation, promote strong investment rules, raise global standards, facilitate trade and ensure that manufacturers benefit from principles such as nondiscrimination, fairness, equal opportunity and competition.

The Biden administration's efforts to negotiate a range of economic frameworks, such as the Indo-Pacific Economic Framework, the Americas Partnership for Economic Prosperity and bilateral frameworks with Kenya and Taiwan, indicate that the U.S. is willing to prioritize some areas of importance to manufacturers, including digital trade and supply chains. There is also ample opportunity to expand these deals so that they reach their full potential. That can be done by eliminating tariffs and nontariff barriers and strengthening standards in areas such as intellectual property, investment and regulatory trade.

In addition to strengthening our transatlantic alliances by negotiating comprehensive trade agreements with our partners in Europe, including the European Union, the United Kingdom and Ukraine, manufacturers are urging the launch of discussions to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which would allow the U.S. to counter China's influence in the region.

## **2. Ensure Broad Commercial Enforcement of Existing Trade Agreements such as the United States–Mexico–Canada Agreement**

Manufacturers need to see strong and comprehensive enforcement of our existing agreements, as our industry faces continued trade barriers and other obstacles that raise concerns about Mexico's adherence with both the letter and spirit of the United States–Mexico–Canada Agreement. As National Association of Manufacturers President and CEO Jay Timmons laid out in a [June 2022 letter](#) to President Biden, manufacturers are facing a broad array of commercial challenges in Mexico that merit stronger attention and advocacy from Congress and the administration, including:

- Energy and power generation policies that favor the interests of Mexican state-owned entities over U.S. companies;
- Government delays in issuing permits for energy activities in Mexico, such as permits that allow major U.S. investors to open service stations;
- Expanded food-labeling requirements that impact U.S. food and agricultural exports;
- The failure of Mexico's regulators to promote competition in the telecommunications market;
- Measures that would require overly costly and complicated electronic waybills (the "Carta Porte" issue);
- Delayed approvals of biopharmaceuticals; and

- Bans on the sale of certain goods including chemicals and genetically modified corn.

Manufacturers respectfully urge Congress, through its consultation and oversight roles, to ensure that the U.S. is pursuing broad commercial enforcement of U.S. trade agreements such as the USMCA, and as appropriate, to press our trading partners to live up to their commitments. Failure to ensure broad trade enforcement, including commercial enforcement, will undermine the long-term credibility of U.S. trade agreements.

### **3. Pass Critical Bipartisan Legislation to Reauthorize the Miscellaneous Tariff Bill and Generalized System of Preferences**

As manufacturers work to build, grow and invest here at home at a time of economic turbulence, access to goods that are not available in the U.S. and critical inputs needed to support U.S.-based manufacturing is crucial. However, the Miscellaneous Tariff Bill and the Generalized System of Preferences, bipartisan trade preference programs that are critical for manufacturers in the U.S., expired in December 2020.

The MTB temporarily eliminates or reduces tariffs on goods that are not available in sufficient quantities in the U.S. and thus directly supports manufacturers' ability to remain competitive. Since its expiration, manufacturers and other businesses have paid more than \$1 billion in anticompetitive tariffs, or \$1.3 million per day, on goods that are not available in the U.S., which is harmful to manufacturers, especially small- and medium-sized manufacturers. Without the MTB, these anticompetitive tariffs make it harder for manufacturers to sustain and expand opportunities for American workers, and create higher prices for consumers, making it more difficult for American families to purchase goods from companies in the U.S.

The GSP program eliminates duties on targeted products that benefit American consumers and businesses, while also providing beneficiary countries the opportunity to grow their economies through trade.

Manufacturers respectfully urge Congress to provide tariff relief for our industry by passing MTB and GSP legislation as soon as possible this year.

### **4. Strengthen Our Ability to Compete with China at Home and Abroad**

In a [February 2023 letter](#) to the House Select Committee on the Strategic Competition Between the U.S. and the Chinese Communist Party, the NAM outlined a broad array of policy tools on issues such as workforce, immigration, permitting reform, regulation, energy, infrastructure and tax. The NAM letter also underscored the importance of the U.S. advancing a clear, comprehensive China trade strategy.

Such a strategy must be rooted in American strengths and values and closely coordinated with allies, and it must also reflect China's role as a necessary partner in targeted areas, a fierce economic competitor that often fails to play by the rules and a major geopolitical rival. It must hold China fully accountable for a wide variety of trade-distorting behaviors that harm manufacturers in the U.S., while also engaging closely with allies and directly with China to press for change on those issues and ensure common approaches to these challenges.

Ambitious, market-opening, enforceable U.S. trade agreements will strengthen our relationships with friends and allies and allow the U.S. to counter China's influence in the Indo-Pacific region. The U.S. should also strategically refine existing enforcement tools and work closely with the

industry on possible development of new tools to effectively confront problematic Chinese trade actions. This must include a rapid, transparent four-year review of existing Section 301 tariffs and the creation of a comprehensive exclusion process for Section 301 tariffs to refine those tools and allow manufacturers a strong voice in potential adjustments and relief.

## **5. Strengthen and Protect American Intellectual Property Abroad**

Innovation and IP are the lifeblood of the U.S. economy and serve as critical foundations of a globally competitive manufacturing base at home and U.S. global manufacturing leadership around the world. In a competitive global environment, manufacturers are investing heavily in innovation; manufacturers contribute 55% of all private-sector research and development in the U.S.,<sup>2</sup> driving new technologies and products in emerging fields such as advanced health care, green technology, robotics and the digital economy that improve American lives and confront global challenges. Importantly, innovation means jobs; innovative industries account for 41% of all domestic output and directly or indirectly support more than 62.5 million jobs across the country, including 10.7 million IP-intensive jobs in manufacturing.<sup>3</sup>

However, American innovation and IP remain major targets for theft by foreign actors. That is why there has been strong bipartisan support in the U.S. for the vigorous protection of IP rights at home and abroad. As laid out in the NAM's [January 2023 submission for the annual Special 301 report](#), manufacturers face a series of broad global challenges, including the erosion of critical IP protections in international organizations, the continued growth of global counterfeiting and growing pressure at the national level to erode core IP protections in the name of other public policy priorities, as well as challenges in an array of markets from Canada to China and from India to Indonesia.

Specifically, manufacturers across innovative sectors are deeply concerned with ongoing negotiations over the potential expansion of the June 2022 World Trade Organization decision on IP and COVID-19 vaccines (the so-called TRIPS waiver) to include a broad mix of diagnostics, therapeutics and their supply chains. An expanded waiver to cover therapeutics, diagnostics and their supply chains would undermine American innovation, competitiveness, workers and technology leadership over China while ignoring, or worsening, supply chain, distribution and demand issues that are the biggest current challenges to the global fight against COVID-19. Manufacturers respectfully urge Congress to stand with American businesses and workers by actively opposing an expanded TRIPS waiver.

## **6. Lean into WTO Modernization and Revitalization**

Manufacturers have long supported the WTO as the core of a multilateral, free and transparent rules-based framework that promotes the expansion of global commerce, creates opportunities for manufacturing workers and improves the competitiveness of our industry. The WTO has underpinned the success of the global economy, and WTO rules enable the effective functioning and enforcement of the multilateral trading system for the benefit of all members. In recent years, however, the multilateral trading system has not kept pace with industry and technological developments or new trade-distorting practices, particularly those emanating from China, nor has that system been updated to address broad systemic challenges.

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<sup>2</sup> National Association of Manufacturers, "[Facts About Manufacturing](#)," last visited March 22, 2023.

<sup>3</sup> Statistics cited in the report date to 2019, with manufacturing representing 22.6% of the 47.2 million IP-intensive jobs across sectors. See Toole, Andrew A., Richard D. Miller and Nicholas Rada, "[Intellectual Property and the U.S. Economy: Third Edition](#)," March 2022.

Modernizing the WTO will benefit manufacturers and their teams, including through efforts to reenergize the WTO's ability to negotiate new trade-liberalizing agreements in areas such as digital trade and environmental goods and technologies, reforms to special and differential treatment afforded to certain WTO countries, an up-to-date and enforceable WTO rulebook that reduces barriers and distortions in the international trade system and improvement to WTO enforcement tools via reform of the Dispute Settlement System and restoration of the Appellate Body. Manufacturers also strongly believe that the U.S. must support critical existing arrangements such as continuing to extend the moratorium on applying duties to electronic transactions through the WTO e-commerce duty moratorium.

## **7. Adopt a Proactive Approach on Global Regulatory Concerns**

As manufacturers in the U.S. seek to export and sell in diverse foreign markets in ways that support jobs here at home, they face continued challenges with discriminatory trade barriers, including technical barriers to trade and sanitary and phytosanitary issues, lack of regulatory transparency and fragmented regulatory approaches across markets. These challenges are felt broadly by manufacturers of all sizes, but those most affected are small- and medium-sized manufacturers that bear a disproportionate cost from these barriers due to their size. Such companies would also benefit most from regulatory transparency and alignment that can expand their ability to reach multiple global markets.

As the NAM and nearly 30 other associations described in a [December 2022 association letter](#) sent to the Biden administration, manufacturers believe that the U.S. should advance regulatory cooperation, strengthen good regulatory practices and tackle TBT and SPS concerns that are harming U.S. businesses and workers. This approach should be reflected across the board, including:

- Enforcement of existing agreements such as USMCA, the U.S.–Brazil Agreement on Trade and Economic Cooperation and additional free trade agreements with countries from Korea to Colombia;
- Negotiations for new regional frameworks such as the Indo-Pacific Economic Framework, the Americas Partnership for Economic Prosperity and the U.S. Strategy Toward Sub-Saharan Africa;
- Existing bilateral frameworks and dialogues with the European Union, United Kingdom, Taiwan, India and Kenya;
- Strategies and approaches related to reform of the WTO; and
- Any and all future trade agreements with priority trading partners.

Addressing these issues would directly support the spread of U.S.-driven regulatory approaches around the world and fight back against nontariff trade barriers, delivering market access and opportunity for American businesses and workers. Manufacturers urge Congress to engage with USTR to ensure that these issues are prioritized in all of the initiatives listed above.

## **8. Advance Investment Policies That Protect National Security and Strengthen Manufacturing Competitiveness**

Manufacturers support policies and regulations that strengthen and promote investment in the U.S. and enable manufacturers in the U.S. to leverage opportunities in the global market. U.S. investment in both directions is a critical driver for manufacturing competitiveness and growth. Robust investment from international companies helps to expand U.S. domestic manufacturing

capacity and create jobs for American workers. Similarly, the ability of manufacturers in the U.S. to invest abroad in global markets allows them to better reach global consumers, expanding both exports and local sales in ways that strengthen those companies' ability to hire and grow here at home.

Manufacturers support efforts like the Global Investment in American Jobs Act, which requires an interagency review of the global competitiveness of the U.S. in attracting foreign direct investment from responsible private-sector entities based in trusted countries, among other things. It is also important that investment screening mechanisms are targeted to achieve national security objectives and avoid unintended consequences.

## **9. Modernize U.S. Customs Operations to Improve Enforcement and Facilitate Trade**

To boost exports around the world and obtain needed inputs, the U.S. and its trading partners need a modern customs framework that streamlines legitimate trade while taking strategic approaches to tackling illicit trade.

As the NAM laid out in [November 2021 comments](#) regarding the Customs Modernization Act of 2021, manufacturers support efforts to modernize customs operations and stand ready to work in close partnership with Congress and U.S. Customs and Border Protection to achieve streamlined, safe and secure trade. Customs modernization in the U.S. should focus on improving trade facilitation, along with protections for and engagement with good actors, while also providing CBP with the appropriate authority and tools to conduct targeted enforcement to crack down on bad actors engaging in unlawful trade.

The NAM supports action to modernize CBP through legislation that advances both trade enforcement and trade facilitation, and manufacturers look forward to continued work with Congress to shape potential legislative efforts in this space.

## **10. Maintain Strong De Minimis Protections with Targeted Steps to Improve Enforcement**

Manufacturers support the current \$800 de minimis threshold, which helps streamline customs clearance and lowers costs for manufacturers, while also lessening the administrative burden on U.S. customs officials who clear millions of shipments through U.S. ports every day. De minimis benefits manufacturers of all sizes but disproportionately benefits small and medium manufacturers, allowing them to import components for subsequent U.S. manufacturing of goods for retail sale. This helps keep business costs low through simplified processes at the border that minimize red tape. In turn, this saving helps make small businesses more competitive and supports jobs for American workers.

Manufacturers also support targeted efforts, in close coordination with the U.S. private sector, to improve enforcement within the de minimis environment. The Department of Homeland Security's ongoing 321 pilot program reflects an effective approach that works with companies to assess the data elements that will help CBP improve enforcement by targeting bad actors, while also preserving the benefits of de minimis for good actors. It is crucial for Congress to work closely with CBP and the private sector to support and advance the 321 pilot program, as well as longer-term efforts that provide CBP with the needed information for enforcement.

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Manufacturers of all sizes believe that U.S. global leadership on trade, including through new, robust, market-opening trade agreements, efforts to hold our trading partners accountable, investments in U.S. trade competitiveness and certainty and assertive U.S. engagement in writing the rules for the international trading system, is necessary to ensure that manufacturers in America will continue to lead well into the future.

In a challenging global environment, we must be bold and ambitious, with a proactive trade agenda built for this moment. We stand ready to work with you closely to get this done.

Sincerely,

A handwritten signature in black ink, appearing to read "Aric Newhouse". The signature is fluid and cursive, with a long horizontal stroke at the end.

Aric Newhouse  
Senior Vice President,  
Policy and Government Relations  
National Association of Manufacturers

cc: Members of the Senate Finance Committee  
Members of the House Ways and Means Committee