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United States Senate

COMMITTEE ON FINANCE

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March 25, 2020

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue N.W.
Washington, DC 20500

Re: Recommendations on Trade Measures to Respond to COVID-19

Dear Mr. President:

In your inaugural address, you told the American people: “We will face challenges. We will confront hardships. *But we will get the job done.*” One of the most pressing challenges when you took office was the state of the economy, which had left millions of Americans behind. Under your leadership, the U.S. economy has soared, achieving an unemployment rate of only 3.5 percent. In confronting this challenge, we were proud to be your partners, including through our work together on the Tax Cuts and Jobs Act of 2017.

Today, the world faces a serious challenge: COVID-19. This challenge presents a serious risk to public health and our economy, but we are confronting this with resolve and strength in your leadership. Together, we are ensuring that American workers, families, farmers, ranchers, and businesses of all sizes can weather this period.

One area where you have immediate tools at your disposal to decrease the economic harm from COVID-19 is trade policy. Your vision for U.S. trade policy has already resulted in impressive achievements, including the United States – Mexico – Canada Agreement and the United States – Japan Phase One Trade Agreement. We believe you should continue to focus on creating new market access opportunities for American exporters while considering additional short and long-term measures to restore confidence in the global economy. Though not an exhaustive list, we want to highlight several options that merit serious consideration.

First, we encourage you to coordinate with other countries to address import and export restrictions imposed in response to COVID-19 to ensure that they are limited and do not

jeopardize the global response to this pandemic. We were pleased to see the G7 Leaders' statement on March 16 to coordinate on necessary public health measures and support global trade and investment. This must mean working together to avoid unnecessary and unexpected cost increases and critical supply shortages. We can appreciate the strong desire to build out domestic supply chains and protect ourselves internally, but any such efforts at this time warrant the utmost scrutiny to ensure the flow of critical supplies without added costs or penalties. To this end, we urge you to pause any consideration of reported "Buy American" requirements for medical goods and equipment. We simply cannot risk paralyzing an utterly critical supply chain at this point in time.

Second, we think it would be appropriate to consider tariff relief on medical devices, pharmaceutical products, and any other health and safety products that would address the immediate needs of the country. We applaud your quick action to exempt some medical products from the Section 301 tariffs on China, and would advise a thorough review to determine if any more products warrant exemption at this time. We believe such a review should include prompt consultations with medical professionals and other federal agencies tasked with regulating health and safety products to provide expertise to the Office of the U.S. Trade Representative (USTR) on priority products.

Third, we believe it would be wise to provide a temporary deferral of duty collection for businesses to opt-in to. There are a number of ways to do this that would be helpful that are already being reviewed through the interagency process. Similar to the IRS providing Americans an additional 90 days to make tax payments without incurring interest or penalties, a duty deferral would be a commonsense way to improve the liquidity of our businesses during this time of economic disruption.

Fourth, USTR should consider expanding and extending tariff relief through the exclusion process for Section 301 tariffs. Although USTR has invited comment on modifications to the 301 tariffs, we need to ensure that all industries whose circumstances have changed because of the outbreak can seek exclusions. This means Americans can apply for exclusions, even if they were denied previously, or had not sought an exclusion before. Moreover, the relief provided under the current exclusion process is only one year long, meaning that many products may start facing high tariffs in the coming months. Automatically extending tariff exemptions for another year could eliminate added costs during a period of economic unrest for many businesses and consumers.

Fifth, we should include suspending implementation of any measures – pending or new – that would create uncertainty or undue difficulty for American workers, families, farmers, ranchers, and businesses, and asking our global trading partners to do the same. To that end, we urge you to consider a total moratorium on new tariffs or tariff increases for the time being. Because of the economic strain due to COVID-19, our businesses and consumers will have less flexibility to adapt to tariffs.

Mr. President, we are eager to work with you to ensure that America continues to prosper under your leadership. We ask you to please consider all options, including the ones we have presented here, to blunt the health and economic impact of COVID-19. We stand ready to support you in this endeavor.

Sincerely,



Charles E. Grassley

Chairman

Also signed by the following members of the Senate Finance Committee:

Mike Crapo

Pat Roberts

Michael B. Enzi

John Cornyn

John Thune

Pat Toomey

Tim Scott

Bill Cassidy, M.D.

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cc: The Honorable Lawrence Kudlow
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cc: The Honorable Robert E. Lighthizer
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cc: The Honorable Steven T. Mnuchin
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