

## Trade Policy Update

Cornovirus-19 is upending global supply chains and preventing “just in time manufacturing”. AEM is providing both the administration and congress the following set of trade policy recommendations on what must be done to support U.S. manufacturing.

- Suspend the tariffs placed on certain imports under Section 301 of the Trade Act of 1974, Section 232 of the Trade Expansion Act, and HTSUS subheading 8429.52.50 and subheading 8429.52.10 under the WTO Large Civilian Aircraft Dispute. Suspending Section 301 and 232 tariffs currently imposed on imports from China, and China’s associated retaliation could boost the U.S. economy over \$75 billion, or 0.4 percent of US GDP according to research conducted by the Trade Partnership Worldwide LLC.
- If the tariffs are not suspended, USTR should adopt an automatic renewal policy for 301 exclusions that expire during 2020. This would ensure manufacturers, especially small and medium sized U.S. companies, are able to source inputs they need for their operations without paying additional tariffs that threaten the competitiveness of their finished goods.
- To promote U.S. exports during the inevitable global economic recovery as the threat of COVID-19 eventually subsides, the Administration should consider relaxing restrictions on ExIm Bank financing related to content requirements.
- The Administration should allow ample time between the publication of USMCA Uniform Regulations and entry into force of the agreement. This will give U.S. OEMs time to work through new USMCA processes and requirements with suppliers, while easing stressed supply chains and ensure maximum benefit of the agreement to U.S. companies.
- Any new stimulus package should avoid new Buy America restrictions. These provisions can threaten already stressed global supply chains that need to remain as productive as possible to aid in a speedy economic recovery.
- Congress should work quickly to pass the Miscellaneous Tariff Bill after receiving the final report on petitions from the USITC late this summer. MTB strengthens the competitiveness of U.S. manufacturers by reducing tariffs on much needed inputs that are not produced in the U.S.
- Congress should minimize the impact of border restrictions on the shipment and transportation of goods. In some instances, passenger flights are used to ship in excess of 80% of the parts and components needed by customers. Given the decrease in air traffic, rates are surging 2 to 5 times normal as of last week and damaging vital supply chains.
- Given the importance of U.S. ports and waterways for U.S. agricultural producers and manufacturers, Congress must make infrastructure investment a top priority in any stimulus package.

AEM is directly advocating for these policy recommendations and working closely with our industry partners to strengthen our messaging and engage lawmakers during this critical time.