

Senators Pressed Administration Official for Tariff Exit Plan

By Dave Sebastian | July 12, 2018 5:49PM ET

Republican and Democratic senators July 12 grilled a State Department official on whether the Trump administration has an exit strategy should its tariffs on goods from U.S. allies and China fail.

Senators on the Foreign Relations Committee hearing pressed Manisha Singh, assistant secretary of state for economic and business affairs, for administration contingency plans should the tariffs fail. They argued that tariffs could undermine U.S. coalitions with allies. Tariffs have been imposed in recent months on Canada, Mexico, the European Union, as well as China.

Singh, in large part, responded by highlighting concerns about economic policies and U.S. efforts to fight against global threats such as North Korea's nuclear capabilities.

Members of the committee agreed that China's intellectual property violations should be addressed, but senators told Singh that U.S. tariffs and Chinese retaliation would hurt U.S. businesses.

"I believe the president is abusing his authorities," [Sen. Bob Corker](#) (R-Tenn.), the committee's chairman, said at the July 12 hearing. "The reason he's using [Section] 232 and abusing his authorities in this way is because 232 can be used without basis."

At issue are the tariffs of 25 percent on steel and 10 percent on aluminum imports from Canada, Mexico, and the EU. The administration is also slated to impose tariffs on \$200 billion worth of Chinese goods, which were announced following the 25 percent tariffs levied on \$34 billion worth of Chinese goods.

Canada, Mexico, the EU, and China have retaliated against U.S. tariffs.

Senators pressed Singh for details on whether the administration has a concrete plan to use the tariffs to the benefit of the U.S. economy, but they expressed displeasure with her responses.

"The president has very carefully laid out an economic strategy," Singh said. "It is contained within the national security strategy, which is our blueprint to how our administration is operating."

"That enlightens us in no way," Corker said.

Imports No Security Threat

Sen. [Chris Coons](#) (D-Del.), along with other committee members, questioned the administration's imposing of tariffs on steel and aluminum for national security reasons.

“If you believe what you’re accomplishing is supporting our national security, you are in fact harming our national security,” Coons said. “If you believe we’re going to negotiate better trade deals by picking fights with our better allies, that is not the case.”

China’s retaliatory 25 percent tariff on U.S. soybeans would “severely, negatively affect” soybean farmers, Coons, together with Sen. [Tom Carper](#) (D-Del.) and Delaware Rep. [Lisa Blunt Rochester](#), wrote in a [letter](#) to Agriculture Secretary Sonny Perdue July 12.

“We urge you to ensure that the Administration takes actions to mitigate the effects of the tariffs on farmers and resolve its trade dispute with China,” they wrote.

A weakened U.S. economy as a result of the tariffs would undermine national security, and the administration is not listening enough to its agencies’ recommendations and feedback from foreign leaders, the senators said.

Set Priorities

Canada is not a national security threat, Singh said during the committee hearing. But China, with its “market-distorting practices,” poses a threat, she said.

The administration should prioritize teaming up with its allies, such as Canada, Mexico, and the EU, in combating China’s “unfair market practices,” Sen. [Marco Rubio](#) (R-Fla.) said, as “none of these nations seem to displace the United States.”

Chinese telecommunications company [ZTE](#), which agreed to pay the U.S. \$1.4 billion to avoid sanctions, poses a national security threat to the U.S. commercial infrastructure, Rubio said.

“There’s an irony that while we are out there imposing tariffs for national security on partner countries with whom we have national security arrangements,” Rubio said, “we are allowing a telecommunication operator to stay in business with our parts knowing the threat they pose to our security.”

Sen. [Jeff Flake](#) (R-Ariz.) said the Department of Defense is responsible for determining what constitutes a national security threat, and the department has yet to deem steel and aluminum imports as a threat.

Singh did not name specific countries when asked by Sen. [Ben Cardin](#) (D-Md.) to state the countries that have expressed support for the administration’s tariff actions. “Probably Russia,” Corker quipped.

“There are many countries,” Singh replied to Cardin. “I’m hesitant to speak for another country. But I can tell you confidently that I’ve had conversations with many different government officials who share our concerns about China.”

Tariffs Hit U.S. Businesses

Sen. [Tim Kaine](#) (D-Va.) presented a bottle of Catoctin Creek whiskey, produced by a small Virginia distillery, at the hearing. The 20-employee company had expanded into the European market, but its sales are now in jeopardy following EU retaliatory tariffs, he said.

“This is the worst possible timing; we’re going to see our European sales come to a screeching halt,” Kaine said, quoting the distillery’s founder Scott Harris.

Other senators also advocated for their states’ businesses that are entangled with additional tariffs.

The Business Roundtable is supporting Corker’s bipartisan bill, which would require congressional approval of tariffs under Section 232, according to Joshua Bolten, the association’s president and chief executive officer who testified at the hearing.

The tariff approach “would be exponentially worse on all four fronts: costs to consumers, decreased competitiveness of American businesses, retaliation against U.S. exporters, and the perversion of statute,” Bolten said in his prepared remarks.

The U.S. should put out a clearer foreign policy strategy and unite with its democratic partners, Michael Fuchs, a senior fellow at the left-leaning Center for American Progress, testified at the hearing.

“Driven by a myopic focus on tariffs and trade deficits, U.S. foreign policy under this administration has lost its moral compass, and Congress can play an important role in putting it back on track,” Fuchs said. “No longer does America work first and foremost with its democratic partners; instead, this administration appears to treat countries based on their trade balance with the United States.”

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