October 7, 2019

Honorable Steven Mnuchin  
Secretary of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, DC 20508

Honorable Robert Lighthizer  
United States Trade Representative  
600 17th Street, NW  
Washington, DC 20006

Dear Secretary Mnuchin and Ambassador Lighthizer:

On behalf of the Alliance for American Manufacturing (AAM), I write to express support for your negotiation efforts with the People’s Republic of China. Meaningful systemic changes in Chinese behavior in the international marketplace are necessary in these negotiations. This should include, but not be limited to, obtaining a comprehensive and enforceable agreement addressing intellectual property theft, forced technology transfer, improved market access for U.S. exports, currency manipulation, and the removal of subsidies provided by the Chinese government - all backstopped with meaningful enforcement mechanisms.

In addition to the items outlined above the inclusion of provisions to address overcapacity and subsidies in China is a necessary component of a successful agreement. We agree wholeheartedly with Ambassador Lighthizer’s response to questions posed by the House Ways and Means Committee last February:

Addressing the role of market-distorting forces in creating and maintaining excess capacity is a key component of our ongoing bilateral negotiations with China. We are seeking enforceable commitments from China to eliminate all forms of nonmarket support to its industries, to address the negative impact of past subsidy-fueled capacity expansion, and to enhance transparency regarding government interventions that affect the operations of market participants, whether directly or through the activity of China’s state-owned enterprises.

The breadth and depth of Beijing’s subsidies, intervention, and market distortions are directly responsible for the immense overcapacity in numerous industrial sectors – including, but not limited to, steel, aluminum, cement, glass, and shipbuilding. China’s persistent non-market behavior has an enormously negative effect on markets worldwide, including significant harm to U.S. exporters, import-competing industries and their workers who are forced to compete against these subsidies.

A narrow deal that lifts tariffs with only short-term interests in mind would not only be a missed opportunity for American workers and U.S. companies, it would undermine our long-term economic and national security interests. We urge you to continue to hold firm on keeping provisions that address decades of anti-competitive behavior as a part of any agreement with China.

Sincerely,

Scott N. Paul  
President  
Alliance for American Manufacturing