

Sen. Johnson: Shares Wisconsin tariff stories with President Trump

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WASHINGTON — U.S. Sen. Ron Johnson (R-Wis.), chairman of the Homeland Security and Governmental Affairs Committee, sent a letter Wednesday to President Donald Trump detailing concerns the senator heard from Wisconsin businesses at a trade and tariffs roundtable earlier this week.

“A sad fact repeatedly reported at the roundtable was that the primary beneficiaries of the trade war are these Wisconsin businesses’ global competitors, including those competitors located in China,” Senator Johnson wrote.

“I urge you and your trade representatives to understand the plight of businesses struggling during this period of extreme uncertainty, and do everything in your power to return certainty and stability to global markets.”

The full text of the letter is below, and can be found [here](#).

July 18, 2018

President Donald J. Trump

The White House

Washington, D.C. 20500

Dear Mr. President:

On Monday, I held a roundtable discussion in Milwaukee on trade and tariffs. Fifteen Wisconsin businesses attended representing a broad range of sectors including farming, food processing, and small, medium and large manufacturing. I have enclosed a one page synopsis that each business prepared prior to the roundtable.

I truly hope you and your trade negotiators will take a few minutes to read these brief descriptions of how the trade war and tariffs are negatively affecting their efforts to maintain markets, prevent layoffs, and in some cases, survive.

In summary, these businesses report price increases ranging between 30-40 percent on the steel and aluminum they use. Because their global competitors are not experiencing these cost increases, they are losing both export and domestic orders and market share. Some have either cancelled or put on hold planned capital expenditures. Others are considering moving operations abroad.

Most of these businesses have always tried (and generally succeeded) to source a majority of their steel and aluminum from domestic suppliers. However, some of their material requirements simply are not available domestically, and the prospects of sourcing them domestically any time soon (if ever) are remote. Ultimately, the tariffs on imports and increased manufacturing costs will increase prices for American consumers and stifle economic activity.

In farming and food processing, the retaliatory actions to U.S. tariffs will have a profoundly negative effect. Global markets that have taken decades to develop are drying up, and the damage could be permanent. Without overseas markets, supply will significantly exceed domestic demand causing prices to plummet and farmers to go bankrupt. Many participants at the roundtable underscored those hardships.

The president of owner-operated food processor, Chippewa Valley Bean Company, stated that she is the seventh generation in her family business, and “in that 160 years there has been no government action that has left us in such terrible shape as what this has.”

My 33 years in business and manufacturing taught me that orders can be lost for a fraction of a percentage, and even the most loyal customer must respond to economic reality. There is already permanent damage being done to U.S. and Wisconsin businesses because of the trade war. The longer the negotiations last, the more irreparable harm will be done.

A sad fact repeatedly reported at the roundtable was that the primary beneficiaries of the trade war are these Wisconsin businesses’ global competitors, including those competitors located in China. In addition to the obvious cost advantage, those global competitors are also raising prices to increase profits. This will provide those competitors additional funds for capital investment to expand capacity and capabilities, making them even more competitive.

China is the primary abuser of the global trading system. China’s theft of industrial and military secrets has cost America and our allies hundreds of billions of dollars. But the best way to obtain China’s compliance with world trading rules is by presenting a united front with our allies demanding full compliance.

I urge you and your trade representatives to understand the plight of businesses struggling during this period of extreme uncertainty, and do everything in your power to return certainty and stability to global markets.

Respectfully,

Ron Johnson

Chairman

Enclosure

cc: The Honorable Claire McCaskill
Ranking Member

The Honorable Wilbur Ross
U.S. Department of Commerce

The Honorable Robert Lighthizer
United States Trade Representative

The Honorable Kevin Hassett, PhD
Council of Economic Advisers

Dr. Peter Navarro
Director, National Trade Council

Mr. Lawrence Kudlow
Director, National Economic Council

Background on Sen. Johnson's engagement on tariffs

March 8, 2018: Chairman Johnson's letter to the Commerce Department can be found [here](#).

April 9, 2018: The Commerce Department's response to Chairman Johnson can be

found [here](#).

May 3, 2018: Chairman Johnson and Ranking Member McCaskill's letter to the Commerce Department can be found [here](#).

May 17, 2018: The Commerce Department's response to Chairman Johnson and Ranking Member McCaskill can be found [here](#).

June 13, 2018: Chairman Johnson's and Ranking Member McCaskill's letter to the Council of Economic Advisers can be found [here](#).