

United States Senate

WASHINGTON, DC 20510

March 17, 2017

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

Dear President Trump:

Rural communities all across our country face significant challenges as a result of a precipitous decline in economic prosperity and changing demographics. In a 2011 article that I wrote for a local college newspaper in Maine, I argued that a driving force behind the concentrated loss of good paying jobs and population in Rural America was a result, in part, of the acceleration and expansion of international trade. While the forces of automation have also substantially contributed to job losses in the manufacturing sector, I think that this argument – that the rapid pace of globalization may have disproportionately impacted certain communities – still holds true today. With that in mind, I appreciate your interest in establishing a new trade agenda that emphasizes the needs of working individuals in industries sensitive to the forces of globalization and automation. I share that goal, and look forward to working with you to ensure that our future trade and domestic policies support our American workers.

Traditional industries across Maine have felt acutely the negative effects of unfair free trade agreements as well as expanded international trade with increasingly competitive exporters like China. Since my 2011 column expressing skepticism of the benefits of trade liberalization, 6 paper mills have closed in Maine in addition to further decline in forest products manufacturing, an industry that has brought prosperity to rural Maine for generations. The mill closures and associated job losses have been nothing short of devastating to rural communities across Maine. As I have previously stated, it is an economic crisis of unprecedented magnitude. While the crisis can be attributed, in part, to the rise in technological advances within the industry; the slow recovery from the recession; and the global decline in demand for printing and coated paper, some of the industry's challenges must also be attributed to the effects of globalization and past trade deals.

In response to the loss of so many good-paying rural jobs in Maine's forest products industry, I have been working with Senator Collins and Congressman Poliquin to support efforts led by the industry and local leaders in impacted rural communities to leverage federal and private resources, advance innovation in manufacturing and develop industry-led strategies to strengthen and diversify the future of Maine's rural economy for years to come.

Efforts to help diversify and modernize Maine's trade-sensitive industries - and the trade-sensitive industries of other rural communities in the U.S. – will fall short of their full potential

until we get serious about building a trade agenda that carefully and responsibly assesses how best to improve existing trade agreements and how to craft new ones; more consistently prioritizes the enforcement of our existing trade agreements; and better supports domestic industry and American exporters.

Though you possess the statutory power to unilaterally carry out many of your preferred trade policies, I strongly urge you to consult closely with Congress in order to learn how particular trade reforms might impact key state industries and economies. To that end, I would strongly urge you to prioritize the following issues for Maine and other rural states similarly situated as you continue to work on your national trade agenda:

Negotiating Smarter, More Transparent Trade Agreements

As you pursue renegotiation of the North American Free Trade Agreement (NAFTA), direct the United States Trade Representative to consult closely with all Members of Congress on priorities in a modernized agreement. If action is taken on the agreement, it is important that Members be given the opportunity to share their ideas for how NAFTA could be modernized to the benefit of hard-working men and women back home. It is time for NAFTA to be updated; but that process will work best if it is transparent in nature and if Members are able to easily offer priorities important to their constituents.

Remember the importance of the two-way trading relationship between Maine and Canada. I was pleased to read your recent comments about our “outstanding” trade relationship with Canada. As your Administration initiates inter-governmental discussions to reopen NAFTA, I would ask that you keep in mind Maine’s special economic relationship with that country. Canada is our state’s leading trading partner, with two-way trade reaching approximately \$3.5 billion in 2014. According to the Maine International Trade Center, approximately 38,500 Maine jobs depend on trade and investment with Canada. As I am deeply concerned that the state of Maine would disproportionately pay the price if NAFTA renegotiation – or worse, withdrawal – leads to higher trade barriers with Canada, I ask that you keep this consideration in mind.

Help domestic industries affected by the implementation of regional trade agreements between other nations: Retreating from the global economy is not an option when other developed countries press forward without us. The trade agreement between Canada and the European Union, for example, is extremely problematic for Maine’s lobster dealers, processors, and commercial fishermen. When the Canadian-EU trade agreement is implemented, Canada’s live lobster tariff rates will be eliminated immediately; frozen and processed tariff rates will phase out over a 3 year period and exports from Canada will be dramatically more favorable than those from Maine. Since Maine and Canada share the same lobster species, EU importers will likely choose to purchase cheaper lobster from Canada. As you formulate a final position on the US-EU trade agreement, I ask that you take concerns like this into consideration. The EU is a strong, mature market and constitutes about 20% of the annual global lobster trade.

Respect the boundaries of the international trade system. The USTR Trade Policy Agenda for 2017 identified four major priorities, one of which was to “defend U.S. national sovereignty

over trade policy.” Fair trade is only enhanced by our participation in and commitment to international trade institutions.

Strengthening Our Trade Enforcement Capabilities

Increase funding at America’s primary trade enforcement and negotiating agencies. When our trading partners choose to violate agreed-upon rules, placing U.S. businesses at an unfair competitive disadvantage, we need to be able to respond swiftly and decisively. However, the restrictive caps on non-defense discretionary spending limit the ability of all relevant trade agencies to build a stronger trade enforcement system that has the capability of bringing cases on behalf of a wide range of US industries. Strong protective language in existing, or new trade agreements, is meaningless without timely and rigorous enforcement.

In particular, the U.S. Department of Commerce (DOC) and the U.S. Trade Representative (USTR) require robust annual funding levels in order to ensure that free trade is also fair trade. While I was encouraged that the budget blueprint for fiscal year 2018 calls for “strengthening” the International Trade Administration’s trade enforcement and compliance functions, I was troubled that it was not accompanied by concrete numbers. As you may be aware, the Enforcement and Compliance Business Unit within the ITA, among its many responsibilities, conducts antidumping and countervailing investigations and, through a special office for small and medium-sized enterprises, counsels small businesses on how to petition the U.S. government to seek relief from unfairly traded imports. Providing inadequate funding for the ITA seems counterproductive to promises to crack down on nations that violate trade agreements, as this takes away important and effective resources to do just that. To help ensure that free trade is also fair trade, I strongly urge you to use the fiscal year 2018 budget to request a robust increase in annual funding for the Department of Commerce – including the ITA – as well as the USTR.

Find ways to lessen the financial and procedural burdens for small firms pursuing AD / CVD investigations: In a 2013 report, the Government Accountability Office (GAO) found that small and medium-size enterprises faced serious financial and administrative challenges when pursuing AD / CVD investigations. The financial burden of a lengthy investigation is a particularly difficult obstacle to overcome for cash-strapped smaller businesses; I personally know of several businesses in Maine that chose not to file petitions because of this challenge. Secretary Wilbur Ross has suggested that the Department may be able to assist small businesses pursuing trade investigations by more frequently using its authority to self-initiate anti-dumping and countervailing duty (AD/CVD) investigations. If the Department finds that using this trade remedy more frequently would lessen these burdens for small and medium-sized firms, then I strongly encourage its use. If self-initiated investigations would have no practical effect for small businesses, however, since most costs are incurred during the investigation phase, then I request that the Administration commit to finding better solutions to this persistent problem.

Direct America’s trade agencies to review and deploy trade tools on behalf of the forest products industry. While Maine’s forest industry continues to be a major economic driver in Maine’s rural economy, Maine has lost 50 percent of the softwood pulp market in the past two years, contracting by \$1.3 billion and resulting in the loss of more than 5,000 jobs. U.S. law

contains a multitude of trade tools that could be deployed on behalf of the domestic forest products industry. I encourage your incoming trade officials to carefully study all possible options that are consistent with World Trade Organization (WTO) procedures and strongly consider using them to fight unfairly traded forest industry products where they occur.

Supporting Domestic Industry

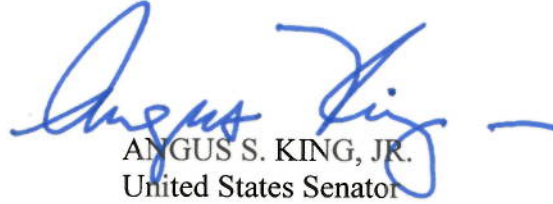
Help American exporters by backing the Export-Import Bank. I find it baffling that we keep debating whether or not to keep around an agency that helps American companies export goods and services and returns a profit to the U.S. Treasury. I have seen firsthand how the bank has helped positively influence the growth and exports of great Maine small businesses like Auburn Manufacturing, Inc. and Planson International. Smaller businesses, in particular, may rely on the Export Import bank when commercial bank financing is unavailable or too expensive. The bank is also self-sustaining for appropriations purposes, having returned nearly \$3.8 billion to American taxpayers since 2009. Supporting the EXIM Bank is the same as supporting American exporters, plain and simple. I strongly encourage you to quickly submit nominations to the bank's Board of Directors and throw your full support behind America's export credit agency.

Promote American workers by supporting "Buy America" provisions and smarter "Made in the USA" standards. I was pleased to learn of your December 21, 2016 announcement of the creation of a new office, located within the White House, to promote domestic manufacturing and "Buy America" policies. While "Made in the USA" claims are different than "Buy America" provisions, the "Made in the USA" label promotes American-made products and helps encourage domestic manufacturers to keep making products right here at home. I joined a bipartisan group of Senators to re-introduce legislation (S.118) this year that would make it easier for American manufacturers – including great Maine companies – to use the "Made in USA" label without weakening the "Made in USA" standard. I respectfully request that you direct appropriate staff to review the intent of that legislative proposal to determine how we can help ensure that U.S. manufacturers do not face excessive burdens here at home.

Help Dislocated Workers by supporting Trade Adjustment Assistance (TAA), the workforce development system, and new approaches to facilitating meaningful re-employment for these workers. I have frequently collaborated with Senator Collins and Congressman Poliquin to support TAA petitions filed by numerous Maine paper mills that have been forced to lay off workers due to foreign competition. TAA has provided critical support for workers in Maine who have been laid off from trade-impacted industries like pulp and paper, and, in concert with Workforce Innovation and Opportunity Act (WIOA) adult and dislocated worker programs, has assisted many of these workers in finding new jobs. I request that your Administration provide continued support for these programs in your budget request for the Department of Labor, and that you also consider providing new funding streams to address locally-determined workforce training needs to match dislocated workers with in-demand jobs and the skills they need to fill them.

As you continue to craft your national trade agenda, I urge you to craft measures that will create a truly level playing field on trade. I appreciate your consideration of these issues and I look forward to working with you on behalf of Maine.

Sincerely,

A handwritten signature in blue ink, reading "Angus King", with a horizontal line extending to the right. The signature is written in a cursive style.

ANGUS S. KING, JR.
United States Senator