



GLOBAL  
BUSINESS  
ALLIANCE

*Investing in America*

April 18, 2024

Ambassador Katherine Tai  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20508

Docket Number USTR-2024-0002

Dear Ambassador Tai:

On behalf of the Global Business Alliance (GBA), I respectfully submit the following in response to your request for comments to inform objectives and strategies that advance U.S. supply chain resilience in trade negotiations, enforcement and other initiatives. Thank you for your commitment to working with the private sector and for your repeated references to the importance of working with allies and like-minded trading partners to advance these goals. I wholeheartedly agree that a critical component to securing trusted supply chains is “through strategic arrangements with trusted partners (friend-shoring) and with regional partners (near-shoring).”<sup>1</sup>

GBA represents nearly 200 of the world’s most well-known companies, which are headquartered in countries that are long-time friends and allies of the United States.<sup>2</sup> On average, GBA members each employ 12,000 Americans, making them major U.S. employers. GBA advocates for policies encouraging international companies to grow their U.S. operations, increase American employment and support U.S. economic growth.

There are two questions from the request for comments where GBA can provide a unique perspective:

Question 1:

*How can U.S. trade and investment policy, in conjunction with relevant domestic incentive measures, better support growth and investment in domestic manufacturing and services?*

GBA Comment:

Adopting policies that promote and support investment from friendly countries is an important way for the United States to deepen its economic relationships while also building more resilient supply chains.

GBA applauds the administration's efforts to incentivize certain sectors, such as the semiconductor industry, through the implementation of the CHIPS and Science Act. However, additional actions can be taken to ensure the United States remains the most attractive place in the world for businesses to invest and grow, thus creating jobs here at home, strengthening supply chains across the country, and deepening our relationships with allies and partners.

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<sup>1</sup> <https://www.federalregister.gov/d/2024-04869/p-12>

<sup>2</sup> A full list of GBA members can be found here: <https://globalbusiness.org/about-us/membership>.

### Section 301 Tariff Recommendation:

First, GBA strongly urges the removal of the Section 301 tariffs imposed by the Trump Administration in 2018. The United States should not turn to tariffs when looking for ways to retaliate against another nation's unfair trading practices. As GBA stated in February 2023 in response to USTR's Section 301 necessity review:

*The previous administration turned to the Section 301 tariffs as a tool to eliminate "China's harmful acts, policies, and practices." <sup>3</sup> However, in USTR's report on China's WTO Compliance, published in February 2022, your agency bluntly stated: "Despite the United States' extensive efforts... and using domestic trade tools like Section 301... a long list of problems with China's economy and trade regime persist." <sup>4</sup>*

While USTR acknowledges that the tariffs have not been effective in changing China's behavior, the recommendation by President Biden recently that USTR should triple the current 7.5 percent steel tariffs is alarming and should not be taken under advisement.

Tariffs are taxes paid by U.S. consumers and are counterproductive to economic growth. <sup>5</sup> Since the tariffs have been in place, they have cost Americans \$129 billion, according to Americans for Free Trade. <sup>6</sup> It is past time for this burden to be removed from American economy.

### CFIUS Recommendation:

Secondly, in your role as a member of the Committee on Foreign Investment in the United States (CFIUS), please maintain your commitment to the United States' open investment policy and ignore undue political pressure when conducting reviews. CFIUS should never become a tool for domestic competitors to do what they failed to achieve in the competitive market. It should not morph into industrial policy masquerading as national security.

Efforts to delay or derail CFIUS reviews could have dire consequences for America's investment climate.

A critical factor in the United States' attraction to international companies is our country's commitment to the rule of law and the predictability and stability of our regulatory framework. I urge you to maintain this standard and continue to resist political efforts to unduly influence the Committee's work.

Foreign-headquartered companies have invested over \$5 trillion into the U.S. economy, directly employing 7.9 million U.S. workers and reinvesting more than \$200 billion of their profits back into their U.S. operations annually. The largest recipient of this job-creating investment is in the manufacturing sector, with international employers providing jobs to 2.8 million U.S. manufacturing workers and accounting for 23 percent of America's total manufacturing workforce.

In fact, over the past five years, international companies have created more than a quarter-million new manufacturing jobs in the United States, compared to overall U.S. manufacturing jobs, which remained

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<sup>3</sup> 83 Fed. Reg. 28710 (June 20, 2018).

<sup>4</sup> <https://ustr.gov/sites/default/files/enforcement/WTO/2021%20USTR%20Report%20to%20Congress%20on%20China%27s%20WTO%20Compliance.pdf>

<sup>5</sup> <https://www.cfr.org/background/truth-about-tariffs>

<sup>6</sup> <https://americansforfreetrade.com/tariff-misery-impact/>

flat. American workers at foreign-headquartered companies are not only producing goods here for U.S. customers; they also produce 23 percent of all U.S. goods exports, shipping \$412 billion to customers around the world annually. International companies help diversify America's economy and open new markets. When global companies invest here, nations around the world have a stake in America's success, which is good for U.S. foreign policy.

#### Question 2:

*How can U.S. trade and investment policy promote a virtuous cycle and "race to the top" through stronger coordination and alignment on labor and environmental protections within trusted networks among regional and like-minded trading partners and allies?*

#### GBA Comments:

Seventy-five percent of the \$5.25 trillion in cumulative FDI in the U.S. comes from companies globally headquartered in eight countries: Japan, Canada, United Kingdom, Germany, France, Ireland, Switzerland, and the Netherlands, all long-time friends and allies of the U.S.

It is regrettable that the United States has a Free Trade Agreement (FTA) with only *one* of these strategic partners. Apart from Canada, none of these key trading partners has an FTA with the United States. In the context of your question, this error is further accentuated when you consider these facts: Every one of these nations outranks the U.S. in terms of environmental performance<sup>7</sup> and overall working conditions.<sup>8</sup>

When the administration works with like-minded allies on these issues, it should consider market access benefits and plurilateral agreements. New rules and standards with trading partners to prevent subsidies, economic coercion and anti-competition practices will allow companies to expand their investment in the United States.

If the U.S. were once again to pursue free trade agreements with these like-minded nations, the benefits that would cascade from these strengthened ties would be a powerful incentive for other countries to implement comparable standards.

#### New Free Trade Agreements Recommendation

GBA recommends the negotiation of new FTAs with like-minded allies and strategic trading partners that already have strong environmental and labor conditions to incentivize other nations to adopt similar policies, like those referenced above. This includes building upon successful plurilateral efforts such as the Information Technology Agreement that eliminates tariffs on ICT goods. Expanding this 25-year-old trade agreement, as the World Trade Organization has proposed, will spur broad-based growth for participating countries because lowering prices increases ICT adoption, which spurs productivity and innovation throughout the economy.

Anyone concerned with the "undermining support for democracy itself" and interested in finding ways to "promote a virtuous cycle and 'race to the top' through stronger coordination and alignment on labor

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<sup>7</sup> <https://epi.yale.edu/epi-results/2022/component/epi>

<sup>8</sup> <https://www.william-russell.com/international-health-insurance/worldwide-work-weeks/>

and environmental protections” need only to peruse a list of freedom-loving nations<sup>9</sup> and consult the USTR’s own website, which states, “Trade is critical to America’s prosperity.... Trade keeps our economy open, dynamic, and competitive, and helps ensure that America continues to be the best place in the world to do business.”<sup>10</sup>

I appreciate the opportunity to offer these comments and look forward to continuing this dialogue.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Nancy McLernon', with a long horizontal flourish extending to the right.

Nancy McLernon  
President & CEO  
Global Business Alliance

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<sup>9</sup> <https://freedomhouse.org/countries/freedom-world/scores?sort=desc&order=Total%20Score%20and%20Status>

<sup>10</sup> <https://ustr.gov/about-us/benefits-trade>