



Catherine Gibson
Deputy Assistant U.S. Trade Representative for Monitoring and Enforcement
Office of the U.S. Trade Representative
U.S. Department of Commerce

Submitted via USTR portal: <https://comments.ustr.gov/s/>

March 11, 2025

Re: Request for Comments to Assist in Reviewing and Identifying Unfair Trade Practices and Initiating All Necessary Actions to Investigate Harm from Non-Reciprocal Trade Arrangements

Dear Deputy Gibson,

The American Association of Exporters and Importers (AAEI) appreciates the Administration's comments in the America First Trade Policy that focused on potential trade negotiations on a sectoral or country-by-country basis. Importers and exporters agree that free and fair-trade agreements are crucial for U.S. companies to access key export markets. These agreements also play a vital role in national defense, enabling the aerospace and defense industry, in particular, to develop cutting-edge technologies that are highly sought after by our allies.

For over 100 years, AAEI has served as a prominent national voice for the United States' international trade community. AAEI proudly represents a diverse range of industry sectors within the global trade landscape, comprising manufacturers, importers, exporters, wholesalers, retailers, and various service providers such as customs brokers, freight forwarders, trade advisors, insurers, security providers, transportation interests and ports. Many of its members are small businesses seeking opportunities to export to foreign markets, while the larger entities seek help to fuel the economy through their supply chains. As the premier U.S. international trade organization, AAEI is recognized for its expertise in the day-to-day facilitation of trade, including the administration and compliance with import and export laws of the United States, making it an indispensable resource for those directly involved in and impacted by developments in international trade.

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On January 20th, President Trump signed the America First Trade Policy Executive Order outlining his Administration's approach to international trade. It is essential for all actions outlined in the order to take place in consultation with U.S. importers and exporters to ensure practical, clear and positive outcomes for Americans and also positively impact the U.S. economy.

The following comments represent AAEI's view on country and region-specific trade barriers that impact U.S. production or exports.

China

AAEI supports efforts to hold China accountable for its unfair, discriminatory, and burdensome acts, policies, and practices regarding intellectual property rights, technology transfers, and innovation.

As technical experts regarding day-to-day trade facilitation, AAEI members understand that USTR must have various tools available to address discriminatory Chinese trade practices. However, the use of tariffs on a broad swath of U.S. imports have placed many importers, particularly small businesses, in an untenable position. Many U.S. manufacturers require parts and components that remain available only from China for a variety of legitimate business reasons. Many U.S. businesses have been unable to obtain supply from third countries due to lack of capacity and industries in other countries. Moreover, the current inflationary economic environment makes it cost-prohibitive for many companies to re-shore or near-shore. The result is that these businesses are subject to prohibitively high import costs.

Since 2018, the U.S. government—through legislation, regulation, and licensing practices—has created import restrictions and an export control system that seeks to address China's state-led industrial policies. Many of these changes were efforts to address concerns about China's pursuit of civilian and military leadership in advanced technologies through U.S. commercial ties. While many of the U.S. policies have focused on controlling emerging and foundational

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technologies, the U.S. government has also used these tools to address other trade distortions, including forced labor, cross-subsidization, barriers to entry, and the availability of certain products.

Specifically, through U.S. licensing, dual-use export controls, and entity lists that seek to “blacklist” certain foreign persons, entities, or governments from trading (importing and exporting) with U.S. companies, the U.S. government has surgically attempted to address China’s industrial policies that sought military and economic gains. AAEI believes a successful China policy requires strengthening other technology controls and licensing practices, engaging multilaterally to ensure U.S. controls are effective, targeting bad actors and regimes more effectively while providing U.S. importers and exporters with cost-effective, transparent, and efficient compliance policies.

USMCA

AAEI supports the upcoming review of the USMCA. Since the passage of the USMCA, the COVID crisis, Russia’s invasion of Ukraine, new environmental and forced labor laws, and rising economic and strategic tensions with China have renewed awareness of the importance of North America to enhance supply chain resilience, mitigate risks associated with reliance on China, and foster the development of industries crucial for security, climate, and competitiveness going forward.

AAEI believes there exist opportunities to improve USCMA. This includes addressing dispute settlement findings, reviewing the rules of origin provisions, e.g., nationalization of Asian products, and improving regulatory alignment in the areas of customs and goods and technical conformity. AAEI believes these changes will greatly improve North American trade and investment.

Europe and the UK

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The U.S. and the European Union share the world's largest bilateral trade and investment relationship, accounting for over \$1.5 trillion. Despite this relationship, there are opportunities to improve this relationship, too.

AAEI believes the lack of regulatory harmonization has created significant non-tariff trade barriers. There is an opportunity to improve regulatory harmonization in customs, technology standards, export controls, investment screenings, and technical conformity.

AAEI urges the Administration to continue the U.S.-EU Transatlantic Dialogue, which promises to reduce non-tariff barriers and improve U.S.-EU trade and economic security. While there is a tool to improve U.S.-EU trade, there is currently a void in addressing U.K. trade barriers.

By country, the UK was the U.S.'s seventh-largest goods trade partner and largest services trade partner in 2022. AAEI supports the Administration's efforts to pursue a U.S.-UK Free Trade Agreement. This agreement would address trade barriers in customs, technical conformity, subsidies, and trade in services.

AAEI urges the Administration to continue negotiations with the U.K. toward a free trade agreement.

ASEAN and India

AAEI's members have viewed Southeast Asian (ASEAN) countries and India as alternative sourcing locations to China. Over the last seven years, U.S. companies have moved operations to India, Vietnam, Malaysia, Singapore, the Philippines, and Indonesia.

While these countries offer alternative sourcing locations, they also present several tariff and non-tariff barriers. U.S. companies interested in investing in the ASEAN countries and India are met with competing against state owned enterprises, technical barriers to trade, customs barriers, forced localization, and the lack of regulatory harmonization, coupled with the lack of transparency when it comes to local laws and regulations.

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AAEI supports the Administration's interests in exploring a free trade agreement with India. Our members also think restarting discussions with Malaysia towards agreement to a free trade agreement would be helpful. U.S. companies are also interested in how the Administration might reengage the ASEAN community including negotiating trade cooperation and customs agreements.

Relationships with the Least Developing Countries

AAEI has consistently supported efforts to reduce trade barriers between the U.S. and Least Developing Nations (LDCs). The goal has been to enable these countries to integrate further into global supply chains, which allows for more U.S. companies to sell goods into LDCs. AAEI believes that the Generalized System of Preferences (GSP) program provides a significant tool to reduce trade barriers within LDCs.

On December 31, 2020, the GSP program lapsed. GSP strengthens U.S. interests by supporting the development of 119 emerging economies, opening the U.S. market to qualified exports. The GSP program has a long history of bipartisan support going back to its establishment in the Trade Act of 1974. GSP supports American workers and manufacturers by reducing the costs of imported inputs, materials, and equipment for U.S. domestic manufacturing. Additionally, GSP helps American families by lowering the cost of consumer goods imported from eligible countries that are aligned with U.S. national security and economic interests. Products imported under GSP do not compete with U.S.-made goods in any significant way.

GSP solidifies the U.S. relationships with developing companies, ensuring these countries improve their approaches to the environment, human rights, and the rule of law. To the extent the U.S. government is looking for reliable partners that share U.S. values as a viable alternative to imports from China, GSP countries are ready to fill this role. They simply need a signal nudging them in the right direction. GSP can send that message clearly. Since GSP expired in 2020, U.S. companies have paid over \$2 billion in extra taxes while also dealing with the effects of the COVID-19 pandemic, high freight costs, and supply chain disruptions in both the U.S. and GSP eligible countries. These issues have contributed to high and persistent U.S. inflation while

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hindering American companies' efforts to build more diversified and resilient supply chains. AAEI urges the Administration and Congress to complete work and report legislation to reauthorize GSP, including provisions to ensure this program is renewed on a retroactive basis to when it last expired.

Addressing Barriers in the Trade of Strategic Goods and Services

In trade negotiations, AAEI encourages the Administration to include trade in strategic industries. If the Administration moves forward with negotiations on a sectoral basis, we highly recommend including digital services, rare earth minerals, aerospace, and defense products. These industries are strategically important for defense systems, national security, high-tech applications, and energy technologies.

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Conclusion

AAEI encourages the Administration to set trade policy through existing trade statutes, rather than relying on emergency powers. Existing trade statutes allow for notice and comment periods on tariffs and importers would have time to adjust to policy changes. Relying on existing provisions also allows for input from those most knowledgeable about the impact of a given proposal. Very often there is more than one way to accomplish the intended end goal. For this reason, for example, USTR has private sector advisory groups whose primary purpose is to comment about trade proposals. Only through cooperation and decisive action in consultation with the trade can we bolster the U.S. economy and strengthen its global trade leadership, paving the way for a more prosperous and resilient international trade landscape which benefits the U.S. for years to come.

Finally, AAEI thanks the USTR for the opportunity to provide comments. If you have any questions or require any clarification of our responses, please contact govtaffairs@aaei-hq.org.

Sincerely,

A handwritten signature in black ink, appearing to read "E. C. Laney", is written in a cursive style.

Eugene C. Laney
President & CEO

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