

**Prepared Testimony**  
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**Senate Foreign Relations Committee**  
**Tariffs: Implications for U.S. Foreign Policy and the International Economy**  
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Chairman Corker, Ranking Member Menendez, members of the Committee, it is an honor to appear before you today.

Today's world is full of challenges to American prosperity, security, and our ability to uphold our values. Russia interferes in the domestic politics of the United States and Europe while fighting a war in Ukraine and threatening Eastern Europe. China takes provocative actions that concern its neighbors, endangering regional peace in Asia. Illiberal populism and autocracy are on the march, from Hungary to Turkey and beyond. Changes in the global economy make it difficult to ensure that no Americans are left behind. Climate change is literally making ever-larger parts of the planet uninhabitable while generating mass migration.

In order to tackle these challenges, America needs serious, long-term strategies that use all the tools of American power. The United States must: strengthen alliances; support democracies around the world; work with partners to level the economic playing field with China; and build a strong economy at home that works for all Americans. And Congress has a crucial role to play in helping to achieve all of this.

But the current U.S. administration is pursuing a foreign policy – including the imposition of a series of reckless tariffs – that undermine America's security and values, and seriously jeopardize America's prosperity. In short, this administration is adopting policies that endanger the very foundations of global peace and prosperity that have made the United States the world's largest economy and most powerful country, and which provide us with significant advantages in achieving our goals in today's world.

### **U.S. Prosperity**

The United States needs an economic growth strategy that combines domestic policies that empower and provide opportunities for Americans with trade policy that ensures that the rules of international trade benefit as many Americans as possible. Globalization over the decades has transformed America's economy in ways that have advantaged some while disadvantaging others, and it is clear that – regardless of how well the unemployment rate or national GDP growth may be doing – the United States has much work to do to help all Americans succeed in a global economy. There is a legitimate debate to be had on the best policies to achieve these goals, and we must keep that debate honest and based on the merits.

As we focus on tariffs, it is first important to note that no international economic policy will be successful without strong and fair domestic economic policies. But instead of acting in the interest of American workers and families, this administration has unfortunately attempted to destroy the Affordable Care Act; enacted large tax cuts for corporations and high-income households, which will be used to justify reductions in social investment; gutted overtime pay;

undermined quality standards for workforce training; and attacked environmental and financial regulations which protect consumers. These policies are hurting American workers and the middle class and will make America less competitive on the global stage.

While there may not be widespread agreement in the United States today on trade policy, there is a growing consensus that China is taking advantage of America's openness to distort the two countries' trade relationship in ways that disadvantage American workers, consumers, and companies. Through stealing intellectual property rights from American businesses and forcing some that do business in China to hand over proprietary technology, China is ransacking the hard-earned innovation of American companies. Simultaneously, China prevents America from accessing the Chinese market – in whole or in part – using tools that include unfair subsidies for state-owned enterprises and caps on U.S. investment in certain sectors.

We need real, hard-hitting strategies to level the economic playing field with China. But the Trump administration's tariffs on China so far appear misguided, and unlikely to produce the results that Americans need. Large, across-the-board tariffs on Chinese goods are likely to just make Chinese goods more expensive for American consumers, and significantly harm a niche set of vulnerable export-reliant industries, while not affecting the core problems the United States faces with China, such as coercive measures to take American technology and IPR, let alone generating replacement jobs in the United States.

To effectively deal with China, we need a targeted strategy crafted in concert with our friends and allies, many of whom are suffering from the same problems with China. Instead, the current administration is starting trade wars with our closest allies and trading partners in Europe, North America, and Asia. In recent months the current administration has imposed tariffs on steel, aluminum, and washing machines, which largely hit U.S. allies more than China. The European Union has responded with targeted retaliatory tariffs on stereotypically American goods like bourbon and jeans; Japan and South Korea have filed notices with the WTO to take retaliatory measures; and Mexico is pursuing both paths. These tariff decisions are the policy equivalent of coming to a gun fight and shooting your partners at the same time you take aim at your adversary.

This is not only counterproductive – it could also boomerang and come back to hit America with more than just retaliatory tariffs. In advance of next week's EU-China Summit, China has reportedly attempted to forge an anti-U.S. alliance with Europe on trade issues, including suggesting joint EU-China cases against the United States at the World Trade Organization. In return, China would offer Europe more market access. Europe has reportedly rebuffed China's offers – so far.

The United States is pushing its closest friends into the hands of a major competitor, undermining America's ability to forge a united front to deal with that very competitor.

## **U.S. National Security**

The erratic imposition of tariffs on America's closest allies is also undermining U.S. national security. America's closest allies in Europe and Canada fight and die with American soldiers. Cooperation with our allies is essential to U.S. efforts to fight terrorism, and we work together on everything from defeating ISIS to intelligence sharing. The United States and NATO work closely on responding to Russia's destabilization of Ukraine and on deterring Russia elsewhere. The United States and its allies Japan and South Korea partner in deterring China and North Korea in Asia. U.S. alliances from North America to Europe to Asia are the bedrock not only of global peace and stability, but also most importantly of American national security.

The recent punitive tariffs imposed by the administration are endangering the ability of America's alliances to deal with these threats to U.S. national security. The recklessness of U.S. policies that hurt our closest friends will damage our relationships and have effects far beyond the economic sphere. Beyond retaliatory tariffs, it is difficult to quantify the impacts to date – but it is not hard to imagine. Europeans already do not trust the current U.S. president – in 2017 [only](#) 22% of United Kingdom, 14% of France, and 11% of Germany have confidence in him to “do the right thing.”

Europe is working with others to mitigate the damage of American foreign policy, as evidenced by the fallout of the Iran nuclear deal. In the wake of America's withdrawal from the agreement that has prevented Iran from obtaining a nuclear weapon, the United Kingdom, France, Germany, and the EU are working with China, Russia, and Iran to keep the deal alive – without U.S. leadership at the table. If current trends of American behavior continue, expect more of this to come.

As the United States pursues high stakes negotiations with North Korea over its nuclear program, the United States is simultaneously hurting its own negotiating position with reckless tariffs on Japan and China – two countries necessary for an effective North Korea policy.

The decisions being made in the capitals of American allies right now – how to cooperate on counter-terrorism, whether to fight in Afghanistan or Syria, how to deter Russia, how to compete with China – are being influenced by American tariffs. The leaders of these countries are asking themselves: Can we trust America anymore?

Now imagine a world where America's closest allies become convinced that they must push back against America. A world where there are no partners that will follow America into war. No allies to share intelligence on urgent threats. A world where some of the biggest and most lucrative markets for American goods become hostile to American companies and interests.

When Al Qaeda attacked America on 9/11, NATO responded by invoking Article 5 of its charter – collective self-defense – to support America. If a similar attack happened today, would NATO do the same?

It's hard to imagine this world, and we are certainly not there yet. But we may be closer than we think. The series of summits that the current U.S. president is holding this week with NATO, the

United Kingdom, and Russian President Vladimir Putin are risky territory for a U.S. president that has repeatedly criticized allies and cozied up to Putin.

After the debacle of the Group of 7 Summit – where, for the first time, the U.S. did not sign the joint communique – German Foreign Minister Heiko Maas called for a European strategy to push back against America. Alongside Russian aggression and Chinese expansionism, Maas listed America’s current foreign policy approach as one of the three top threats to Europe. Maas encouraged Europe to develop a strategy to counter the United States, stating that, “our common response to ‘America first’ today must be ‘Europe United’ ... forming an assertive European counterweight when the U.S. crosses a red line.”

In the 21<sup>st</sup> century, when a German foreign minister is calling for a European strategy to counter America, something is deeply wrong.

### **Advancing Values**

Driven by a myopic focus on tariffs and trade deficits, U.S. foreign policy under this administration has lost its moral compass – and Congress can play an important role in putting it back on track.

No longer does America work first and foremost with its democratic partners – instead, this administration appears to treat countries based on their trade balance with the United States, which is an unhelpful metric regardless of whether one is considering economic or security interests. This approach is distorting U.S. foreign policy, steering it away from upholding basic values that advance American priorities and interests.

Despite a decades-old alliance with South Korea and needing close coordination with Seoul to engage in effective diplomacy with North Korea, President Trump has instead repeatedly criticized South Korea over trade, while praising the North Korean dictator Kim Jong Un.

With Russia – a country that interfered in the 2016 U.S. presidential election to help then-candidate Trump, invaded Ukraine, and propped up Bashar al-Assad in Syria – President Trump does everything he can to avoid placing sanctions for violating U.S. sovereignty by interfering in our elections. Yet, he has imposed harsh tariffs on America’s closest allies in Europe – countries America relies on to help deter Russian aggression.

As French President Emmanuel Macron summarized it, “The American President may not mind being isolated, but neither do we mind signing a 6 country agreement if need be. Because these 6 countries represent values, they represent an economic market which has the weight of history behind it and which is now a true international force.”

## The Way Forward

The United States must get back on the right track. The United States should take the following steps:

- *Strengthen alliances to counter America's biggest national security threats.* There is much work to be done to ensure that America's alliances are equipped to tackle the threats of the 21<sup>st</sup> century. The United States must work with its allies in North America, Europe, and Asia to modernize alliance structures and goals to align with today's needs of deterring competitors like Russia and China and tackling new challenges like cybersecurity.
- *Support democracy abroad to push back against the rise of illiberalism and autocracy.* The United States needs to develop a series of robust policies that privilege America's relationships with democracies around the world; network those democracies together to tackle shared global challenges; and counter the authoritarian playbook when countries like Russia and China attempt to weaken democracies from within.
- *Develop a strategy – in concert with allies – to level the economic playing field with China.* The United States needs an effective strategy to counter China's economic practices that hurt U.S. businesses and workers and insulate America as much as possible from the harmful effects of China's actions. This strategy must be developed and executed in close coordination with America's allies.
- *Build an economy at home that works for everyone.* The United States needs to adopt a series of domestic and international economic policies that provide opportunities for American workers and businesses and give them a leg up against global competitors. These policies should include: investing in human capital by resourcing education, retraining, and apprenticeship opportunities; investing in infrastructure and R&D that contribute to innovation; and adopting a trade policy that prioritizes high standard rules on issues like labor, environment, and IPR and revises the international tax structure to ensure that companies and individuals pay their fair share of taxes.
- *Congress must lead.* Especially with the current administration pursuing dangerous policies, Congress must exercise its budget and oversight authorities in ways that advance America's interests. This includes continuing to force the administration to stand up to Vladimir Putin, as with the sanctions legislation passed in 2017, and refusing to make massive cuts to the budgets of the State Department and USAID. And members of Congress should travel abroad regularly, making clear to America's friends and allies that there is widespread support in this country for alliances and democracy in addition to resolve in the face of threats.

Supporting alliances and standing up for our values around the world have always been bipartisan pillars of foreign policy and have helped advance economic prosperity and opportunity for Americans. America must return to those priorities.

Thank you for your focus on this important issue.