

July 11, 2017

The Honorable Wilbur Ross
Secretary of Commerce
U.S. Department of Commerce
1401 Constitution Ave., NW
Washington, D.C. 20230

Secretary Ross:

The undersigned agriculture organizations are extremely concerned about the consequences of import restrictions under Section 232 of the Trade Expansion Act of 1962. If the Section 232 investigations on steel and aluminum result in new trade barriers, the aftermath could be disastrous for the global trading system and for U.S. agriculture in particular.

U.S. agriculture is highly dependent on exports, which means it is particularly vulnerable to retaliation. Many countries that export steel to the United States are also large importers of U.S. agriculture products. The potential for retaliation from these trading partners is very real. Short of explicit retaliation, these countries may also stall efforts to resolve current trade issues if they believe they have been unfairly targeted over legitimately traded products.

It is also likely that the United States would not be the last country to cite national security concerns as a reason to restrict imports. In particular, many countries view food security as a legitimate national security concern. If a country as consequential as the United States can cite national security reasons to prevent imports of a sensitive product, others will do the same.

Under the 1994 General Agreement on Tariffs and Trade (GATT) Article XXI, national security can be a legitimate reason to restrict trade, but this has been rarely cited for a very good reason: Article XXI is the Pandora's Box of the GATT. If it is opened for our import-sensitive industries, the results could be devastating. National security arguments are so rarely used because there is practically no way to refute them. No country can dictate another's national security needs, so now every country with a sensitive industry would know that it could follow the example of the United States and find a national security reason to circumvent trade commitments, no matter how flimsy the reason might be.

U.S. farmers rely on international commitments made by countries in the WTO and other trade agreements to keep markets open. The strength of that system is not guaranteed, and the United States has been a bulwark in maintaining it, to the benefit of U.S. agriculture and many other industries.

Undermining that system through an extraordinarily loose application of national security exceptions would be a short-sighted mistake. We urge the Department of Commerce to consider the consequences to the rest of the U.S. economy and avoid igniting a trade war through new restrictions on steel or aluminum trade under Section 232.

Sincerely,

American Farm Bureau Federation
American Soybean Association
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Corn Growers Association
National Council of Farmer Cooperatives
National Milk Producers Federation
National Pork Producers Council
National Sunflower Association
National Turkey Federation
U.S. Apple Association
U.S. Canola Association
U.S. Dry Bean Council
U.S. Wheat Associates
U.S. Grains Council
USA Dry Pea and Lentil Council
USA Rice Federation

cc. U.S. Trade Representative Robert Lighthizer, Secretary of Agriculture Sonny Perdue