

Rep. Louise M. Slaughter, Chair of the House Committee on Rules, and Senator Sherrod Brown (D-OH) today introduced new legislation, The Reciprocal Market Access Act, which would force the administration to reduce trade barriers in other countries before allowing other countries to sell their products here. Senator Kay R. Hagen (D-NC) is original lead cosponsor of the bill that would essentially add 'common sense' reforms to the process by which goods are exchanged between the U.S. and other countries.

"Our country is pulling itself out of a serious and long-lasting recession and we need to take smart steps in order to get this economy going in the right direction," Slaughter said. "The best and easiest way to do that is to start by protecting American workers by ensuring that our trade policies are actually creating opportunities and allowing our manufacturing industries to tap into new markets. We must demand that our trade negotiators are firm and have clear guidelines so they can closely enforce rules and make sure that all countries play by the same rules. A level playing field is all we are asking for."

"For too long, our economy has limped along because of a \$2 billion-a-day trade deficit," Brown said. "To rebuild our economy and get past this recession we must take action with a new trade policy. This bill is a strong step to ensure our nation's manufacturers can succeed in global markets. It's critical that our trade negotiators enforce rules to ensure our industries can compete internationally. I look forward to working with Ambassador Kirk and Congress to address our trade deficit and reshape our trade policy on behalf of American workers."

"As we continue to work our way out of the worst economic crisis since the Great Depression, we must give North Carolina's businesses and manufacturers the ability to provide their goods and services to foreign markets," Hagen said. "In the past, North Carolina companies have faced significant barriers when trying to access these markets, and this bill goes a long way toward exposing those barriers. North Carolina companies deserve equal footing with our trading partners. Improved foreign market access will help North Carolina companies preserve and create jobs across the state."

The Reciprocal Market Access Act would instruct our trade negotiators to eliminate foreign market barriers before reducing U.S. tariffs. This bill would also provide enforcement authority to reinstate the tariff if the foreign government does not honor its commitment to remove its barriers.

## **Background**

The U.S. market is widely recognized as one of the most open markets in the world. Average tariff rates are low and we have few, if any, non-tariff barriers (“NTBs”). Consequently, the leverage the U.S. has to obtain removal of non-tariff barriers is often limited to the tariff on imports into the United States.

However, U.S. producers face significant non-tariff barriers in key markets, preventing fair market access. These NTBs (see below) deny U.S. manufacturers current and future export opportunities. Eliminating the U.S. tariffs without securing elimination of NTBs is equivalent to unilateral disarmament –giving full advantage to our competitors, while allowing them to protect their home markets.

Under the current Doha negotiation process, tariff and non-tariff barriers are largely separate and self-contained, meaning that tradeoffs are tariff-for-tariff and non-tariff-for-non-tariff. The tariff cutting negotiation process does not provide USTR the flexibility needed to exclude sectors that do not receive mutually beneficial trade concessions. As a result, a tariff can be reduced or eliminated without securing the elimination of the real barrier or barriers that deny market access to U.S. manufacturers’ exports. This compartmentalization can undermine the limited leverage the U.S. has to secure market access. It is essential that we obtain meaningful market access in key markets. Without meaningful access, confidence in U.S. trade policy will continue to erode.

## **Summary of Bill**

- To better ensure meaningful market access, the bill requires that the President provide a certification to the Congress in advance of agreeing to a modification of any existing duty on any product, that sectoral reciprocal market access has been obtained.
- Under the legislation, if trading partners do not grant similar market access, or if they erect new barriers to U.S. exports, the USTR may withdraw tariff concessions. This process would be triggered by either private sector or Congressional petition.
- This will enhance the partnership with Congress and achieve reciprocal market access.