



COUNTY OF ERIE

MARK C. POLONCARZ

COUNTY EXECUTIVE

January 28, 2019

William F. Crozer
Special Assistant to the President and Deputy Director
White House Office of Intergovernmental Affairs
1600 Pennsylvania Ave NW
Washington, DC 20500

RE: Comments on USMCA

Dear Deputy Director Crozer:

Thank you for your correspondence dated January 7, 2019, regarding the Trump Administration's recent actions to change trade policy by and among the United States, Canada and Mexico and your welcoming of comments from local leaders on the impact of current U.S. trade policy on our communities. While I am pleased that progress has been made in negotiating a resolution to President Trump's disruption of North American trade, I must note Erie County's strong opposition to the Trump administration's continued use of section 232 tariffs on Canadian steel and aluminum.

Section 232 tariffs, which are intended to be reserved solely for national security purposes, are already disrupting our economic sector and will soon erode our tourism industry. I was hopeful that these tariffs would be rescinded as part of the larger negotiations between the U.S. and Canada over the modest revisions to the North American Free Trade Agreement (NAFTA) that the White House is referring to as the U.S.-Mexico-Canada Agreement (USMCA). Unfortunately I was disappointed to learn the administration's short-sighted Canadian tariff strategy on these products remains in place months later.

Two of the most heavily traversed northern border truck traffic crossings between the U.S. and Canada are in Erie County (the Peace Bridge) and in adjacent Niagara County (the Lewiston-Queenston Bridge). In addition, the heavily-used International Train Bridge is a commercial link connecting the City of Buffalo in Erie County and Fort Erie, Ontario. As such, a large portion of Erie County's economy is predicated on the free flow of goods between the U.S. and Canada.

For example, Ford, General Motors and other auto-related manufacturers and other advanced manufacturers in my community rely on steel and aluminum products imported from Canada for their products. Additionally, as the closest major metropolitan region to Canada's largest city, Toronto, our region's tourism economy is much more reliant on Canadian tourists than almost any other region in our nation. Thus, our region, home of more than 1.2 million Americans, is much more susceptible to any continued trade dispute between our two great nations.

Poloncarz Letter to Special Assistant Crozer

January 28, 2019

Page 2 of 3

In Erie County we enjoy a special relationship with Canada. The bonds of friendship and commerce between us run deep and strengthen the economies of WNY and Southern Ontario. However, this long standing relationship has been damaged by the tariffs imposed by the administration on Canadian products, including steel, and the responding tariffs imposed on US-produced goods by Canadian Prime Minister Justin Trudeau. These tariffs have negatively impacted the Buffalo-Niagara economy and will continue to do so as long as they remain in place. I call upon the administration to lift these tariffs immediately and allow our two countries to return to the mutually beneficial economic relationship that we have both long enjoyed.

Last fall I wrote to Under Secretary for International Trade Gilbert Kaplan to discuss the plight of Welded Tube, a Canadian manufacturer of industrial-grade steel pipes that recently invested nearly \$50 million to build a U.S. facility in Lackawanna, NY, creating over 120 jobs and injecting new life into a long-dormant former industrial site. Despite great success over the past 6 years, Welded Tube was forced to lay off nearly 15% of its workforce, cut production schedules and suspend expansion plans due to the impacts of the steel tariffs levied against Canada.

Less than two months after I wrote to the administration General Motors announced massive layoffs totaling nearly 15,000 jobs and the closure of 5 plants across the United States and Canada. While these layoffs have not impacted workers in my community, they are due in large part to the ongoing abuse of 232 tariffs by the Trump administration, costing General Motors about \$1 billion in profit last year. While the President seeks to revive the steel and aluminum industries, he is doing enormous damage to other sectors of the economy.

Prime Minister Trudeau has negotiated in good faith on resolving this trade dispute, and agreed to concessions in the dairy market that will open up Canada to U.S. exports. The ability of Erie County's dairy farmers to access the Canadian market is a true success for the revised trade agreement and the deal should be ratified by Congress, the Canadian Parliament, and the Mexican Congress of the Union. Comments from Prime Minister Trudeau and Minister of Foreign Affairs Chrystia Freeland make it clear that Canada is ready to swiftly end their retaliatory steel and aluminum tariffs should the U.S. walk away from the 232 tariffs.

Economic alliances such as the one Erie County enjoys with Canada are the bedrock of our region and the foundation for growth and prosperity on both sides of the border. The misuse of 232 tariffs by the administration damages that prosperous relationship, turns partners and friends against each other, and erodes economic gains in our community. It is in Erie County's, and America's, best interests to turn away from this destructive path and back to normal trade relations with our Canadian friends.

While the U.S. has achieved some important successes in negotiating revisions to NAFTA, including access to the Canadian dairy market and increased minimum wages for auto workers, the persistence of 232 tariffs on steel and aluminum greatly diminishes these small victories.

Poloncarz Letter to Special Assistant Crozer

January 28, 2019

Page 3 of 3

Sincerely yours,



Mark C. Poloncarz, Esq.
Erie County Executive

MCP/bqs

cc: Clete Williams, Special Assistant to the President for International Trade
Ian Steff, Deputy Assistant Secretary for Manufacturing
US Consul General Greg Stanford
Canadian Consul General Phyllis Yaffe
Gov. Andrew Cuomo
Howard Zemsky, Empire State Development, President and CEO
Sen. Charles Schumer
Sen. Kirsten Gillibrand
Rep. Brian Higgins
Rep. Chris Collins
Sen. Tim Kennedy
Sen. Patrick Gallivan
Sen. Chris Jacobs
Sen. Michael Ranzenhofer
Assemblymember Patrick Burke
Assemblymember Sean Ryan
Assemblymember Crystal Peoples-Stokes
Assemblymember Karen McMahon
Mary T. Barra, General Motors, CEO
Jeff Binz, United Auto Workers, Region 9, Director
Robert Pike, Welded Tube Canada, Vice-President
Dottie Gallagher, Buffalo Niagara Partnership, President and CEO
Art Wingerter, Buffalo Niagara Partnership Board Chair
Thomas Kucharski, Invest Buffalo Niagara, President and CEO
Matthew Chase, National Association of Counties, Executive Director
Steven Acquario, New York State Association of Counties, Executive Director