Securing Reciprocal Market Access for U.S. Manufacturers

Request

- Ensure that U.S. trade negotiations obtain market access results before eliminating domestic tariffs.
- Support the Reciprocal Market Access Act

Background and Rationale

The U.S. industry faces significant non-tariff barriers ("NTBs") 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.

To enhance the tools available to our negotiators ensuring that the U.S. is able to achieve real reciprocity, bipartisan legislation was introduced in 2007, HR 3684, the Reciprocal Market Access Act. It will be reintroduced in the 111th Congress. This legislation provides additional leverage for USTR and is designed to ensure that negotiations fully address the market access problems faced by U.S. producers (see attached summary).

Summary of Key Barriers the U.S. Industry Faces

China
- Discriminatory Procurement Practices
- Tax incentives for procuring domestic equipment

India
- High tariffs
- Procurement preference to companies that include a domestic manufacturing component

Korea
- Korea maintains a host of regulatory and certification procedures that limit market access
- Strong preference for domestic manufacturers at the exclusion of importers

Reciprocal Market Access Legislation (HR 3684)

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Summary of Bill:

- The legislation is designed to ensure that our trade negotiations achieve real and meaningful market access for our producers.
- Authority to receive or eliminate tariffs in trade agreements is tied to achieving meaningful market access for U.S. domestic producers that have identified and worked with the U.S. government to address those barriers.
- 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.
- This will enhance the partnership with Congress and achieve reciprocal market access.
- It gives the government the automatic negotiated right to revoke concessions to cut tariffs if our trading partners don't implement the commitments they made to open up their markets.
- This authority, known as "snap back" authority, could be triggered by a private sector or Congressional request. The goal – and the result – will be reciprocal market access for our nation's products.

Background

- This legislation is designed to ensure that negotiations fully address the market access problems faced by producers and that reciprocal market access results from trade agreements.
- Under the current negotiating process, tariff and non-tariff sectoral barrier negotiations are separate and self-contained, meaning that tradeoffs are tariff-for-tariff and non-tariff-for-non-tariff. As a result, a tariff item can be reduced or eliminated without securing elimination of the real barrier that denies U.S. industry access to a foreign market.
- This legislation will prevent the U.S. from negotiating in isolation and in effect, unilaterally disarming by leveraging market access to securing elimination of foreign countries' tariff and non-tariff barriers.
- With each subsequent round of multilateral, regional and bilateral trade negotiations, tariffs have been significantly reduced and/or eliminated for many products, leaving non-tariff barriers as the most pervasive, significant and challenging barriers to trade.
- The U.S. market is widely recognized as one of the most open markets in the world, our average tariff rates are low and we have limited, if any, non-tariff barriers. 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. This legislation will provide additional leverage for USTR to ensure that negotiated agreements result in real market access for U.S. producers and not just result in eliminating tariffs on imports into the United States.