

# United States Senate

WASHINGTON, DC 20510

April 27, 2018

Mr. Major L. Clark, III  
Acting Chief Counsel  
Office of Advocacy  
U.S. Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Washington, D.C. 20416

Dear Acting Chief Counsel Clark,

President Trump's recent decisions to impose new tariffs on billions of dollars of goods will have major ramifications for the U.S. economy, especially our nation's 29 million small businesses. It is critical that the Administration, the Congress and the public fully understand the impact of the President's tariff policies on America's job-creating small businesses. We write today to request that the Small Business Administration's (SBA) Office of Advocacy, as the independent voice of small businesses in the federal government, conduct independent analyses of the impact of these tariffs on American small businesses, including the increased cost of goods and employment.

In recent months, the President has indicated that he will impose tariffs on a variety of products, including tariffs on steel and aluminum products, solar panels, washing machines and various products made in China. While there is no question that we must respond appropriately to ensure a level playing field for American businesses, we must do so in a way that is targeted and effective without putting American jobs at risk. Industry and independent analyses have found that the President's tariffs will adversely impact employment and economic growth. For example, a Policy Brief by the Trade Partnership found that the steel and aluminum tariffs alone would result in a net loss of nearly 470,000 American jobs. This analysis factored direct costs on importers as well as the potential for retaliation from other affected U.S. trading partners.

The negative consequences of these tariffs can fall particularly hard on small businesses, who create two out of every three new jobs in the United States. When prices on their products go up, small businesses are less likely than their large competitors to be able to cut costs elsewhere. Unlike large corporations, small businesses do not have the resources to navigate opaque and confusing exemptions processes for new tariffs. Small businesses are also particularly vulnerable to retaliatory tariffs, which can cut off markets that can be make-or-break for a small firm. In addition, even small businesses who do not engage directly in international trade could be hurt when their large customers lose major contracts as a result of retaliatory tariffs. All of these factors make our small businesses particularly vulnerable to the disruptive shocks of a trade war.

As you know, Congress has increasingly focused attention on how trade actions help or hurt small businesses. In particular, Congress gave the Office of Advocacy a formal role in consideration of trade agreements, tasking the Office of Advocacy with consulting small businesses and evaluating how trade agreements would affect small firms. We believe that the SBA's Office of Advocacy must continue to serve as the independent voice of small businesses

on trade matters by consulting with them on the impact of these new tariffs and providing an analysis to the Administration and Congress.

Thank you for your attention to this critical issue facing American small businesses.

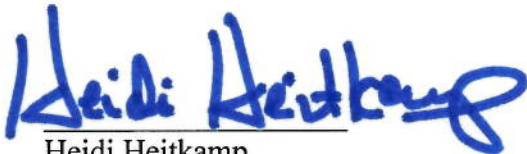
Sincerely,



Jeanne Shaheen  
Jeanne Shaheen  
United States Senator



Maria Cantwell  
Maria Cantwell  
United States Senator



Heidi Heitkamp  
Heidi Heitkamp  
United States Senator

CC: The Honorable Linda McMahon  
Administrator  
Small Business Administration

The Honorable Wilbur Ross  
Secretary  
U.S. Department of Commerce

The Honorable Robert Lighthizer  
United States Trade Representative