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## VIRGINIA, TRADE & TRUMP TARIFFS 2.0

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**Tariffs and trade have become one of the most politicized set of issues in Washington, D.C., today. The advent of Trump 2.0 promises dramatic and chaotic changes – from newer and higher**

**tariffs, more controls on foreign investment and sales by U.S. firms, more control on crossborder mergers, demise of international trade institutions, trade agreements and alliances and a host of other related areas impacting global trade.**

**These actions will most certainly impact Virginia firms, farmers and consumers.**

**There is a great need for Virginians to support trade generally and not get lost in the spurious political arguments of the day. The Commonwealth ought to take the lead in educating its citizens and firms as to the grave importance trade is for business success and economic development.**

**The last time Trump was president he instigated a number of trade wars that he claimed were easy to win. They were not. The U.S. did not win.**

**For example, as a response to U.S. trade actions against China, China instituted retaliatory actions gravely impacting Virginia exports. In particular, export of agricultural commodities (and especially soy bean) to China dropped to almost zero. Causing great harm to Virginia farmers. In general, U.S. farmers were only bailed out by huge federal payments as compensation for their losses. There were no winners, only losers and higher prices for all.**

**Trump's recent threatening of our closest allies such as Mexico, Canada, the EU and Japan is no way of promoting better trade relations. Denigrating trade agreements and trade institutions is outrageous.**

**It is time for the Congress and state governments to stand up for better trade relations and diplomacy. It is also time for the federal courts to uphold the powers of the Congress to regulate international trade as was intended by the Constitution.**

**My basic point is that most Virginians, as most Americans, do not fully realize the grave economic importance of trade. Many get lost in populist economic claims, often wrapped in even more spurious national security arguments.**

**However, many state governors recognize the importance of states being active in the global trading system and not getting lost in politicized arguments. For example, historically, even governors in the Midwest states during the hyper- isolationist period of the 1930's and the Great Depression with high tariffs reigning throughout the world, forcefully promoted the export of their agricultural commodities.**

**Almost all of the Virginia governors, starting with Governor Gerald Baliles, who established and funded the Virginia Dept. of World Trade, up through Governors Kaine, Warner, McAuliffe vigorously promoted trade and investment as essential for state economic development.**

**They often led gubernatorial trade missions to a large number of countries. Governor McAuliffe often proclaimed he visited 35 different countries promoting Virginia exports and foreign direct investment into Virginia.**

**In a sense focusing on international trade is a return the roots of the founding of Virginia in 1607 by The Virginia Company, a global trading company.**

**What is needed today, more than ever, is a form of public diplomacy by the Commonwealth to spur on greater public understanding and support of the interaction of Virginia firms with the global economy. Virginia, to its great credit, has been named as the best state for doing business and its economic development agency (Virginia Economic Development Partnership) as the best in the country.**

**One small thing the next Virginia governor should do is to include members of the public in his trade missions. They should be from the private sector (from tech and non-tech companies and the agricultural sector) as well as other institutions such as universities.**

**Another item that could be on the next governor's to-do-list is to promote better coordination with county development agencies, especially in their international activities. One more thing, the next governor should encourage foreign students to study in the**

**Virginia public universities. Virginia firms can leverage their presence into great global contacts. These students come here to learn and to set up businesses.**

**Virginia needs to stand up to the forces today that are threatening the welfare of its people. States have a great role in promoting global trade. State governments can lead the way for greater international transactions with an informed public. The emerging era of nationalist and populist economic policies cannot be allowed to hamper state economic development and prosperity for Virginians.**

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