

THE NEW ENGLAND COUNCIL

February 28, 2025

The Honorable Howard Lutnick
Secretary of Commerce
1401 Constitution Avenue, NW
Washington, D.C. 20230

Ambassador Jamieson Greer
United States Trade Representative
600 17th Street, NW
Washington, D.C. 20508

Dear Secretary Lutnick and Ambassador Greer,

On behalf of The New England Council, the nation's oldest regional business association, I write today to respectfully request that the Administration reexamine imposing tariffs on products exported to the United States by close strategic partners and economic competitors alike. We remain concerned that placing such tariffs will have a harmful effect on the overall economy of the United States and that of the New England region in particular.

Founded in 1925, The New England Council is a non-partisan alliance of businesses, academic and health institutions, and public and private organizations throughout New England formed to promote economic growth and a high quality of life in the New England region. Our mission is to identify and support federal public policies and articulate the voice of its membership regionally and nationally on important issues facing New England. The Council works to foster positive working relationships between its members and key federal policy makers, including members of Congress and leaders of federal agencies.

The President announced earlier this month that tariffs of 25 percent would be levied against imported products from Mexico and most products from Canada and that tariffs of 10 percent would be levied against imported products from China. A ten percent tariff would apply to energy imports from Canada, which for New England, could cause considerable harm.

According to our members, \$10.2 billion worth of motor fuels, natural gas, and electricity flow to our region annually. Specifically, 80 percent of New England's gasoline and diesel fuel comes to our region from Canada and 90 percent of the fuel used by Boston's Logan International Airport – one of the top 20 busiest airports in the nation – comes from Canada. Additionally, more than 10 percent of our region's electricity is generated in Canada, with more planned to come in the near future, and hundreds of thousands of New England households are dependent on heating oil and propane imported from Canada to address their needs in winter. For two states in particular – New Hampshire and Vermont – virtually 100 percent of their natural gas is from Canada. A tariff on energy products for New England businesses and consumers will raise costs across the board. Indeed, some estimates show that tariffs just on electricity could increase costs up to a \$200 million per year across the region.

In terms of consumer goods, tariffs on such items as construction materials - particularly lumber - will have a detrimental effect on our region's ability to meet its housing needs. New England already faces a severe affordable housing shortage and relies on items from trading partners like Canada to help address this crisis.

The New England Council

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Increased construction costs associated with tariffs will only exacerbate our region's ability to renovate and build more housing in order to meet the needs of its residents. Moreover, increased tariffs on these items along with other consumer items like cars and auto parts from Mexico and Canada are also likely to increase the cost of property insurance in New England and across the nation by raising repair prices. Further, tariffs on critical consumer goods such as fruits, vegetables, dairy, and other groceries could adversely impact the affordability of these high-quality products and force retailers to pass-along these increased costs to consumers. A disproportionate share of this burden would likely fall on consumers already struggling to obtain food and proper nutrition.

The New England Council was encouraged that within days of the tariff announcement, negotiations between the Administration and leaders in Canada and Mexico had provided a reprieve of tariffs on these two nations to March 4, 2025. We are hopeful that the agreement reached by leaders of Canada and Mexico with the President is extended and maintained throughout his time in office, and that leaders in both America and China can quickly resolve their differences. Should there be no resolution to these particular tariff issues, we are apprehensive as to the economic impact that would be felt by New Englanders. Indeed, the non-partisan Peterson Institute for International Economics conducted a study of the tariffs on China, Mexico, and Canada and estimated that they would have a \$1,200 per year detrimental impact on every household in America if they continue.

We are also concerned over the Administration's plans to implement across-the-board tariffs totaling 25 percent on imported steel and imported aluminum as of March 12, 2025. While tariffs on aluminum and steel have been in place for years, exemptions for key U.S. allies will be obviated by this order. Should some nations engaged in aluminum and steel trade act in bad faith to circumvent these tariffs, we would encourage the Administration to work hand-in-hand with our steel- and aluminum-producing allies to eliminate any loopholes that may have been used surreptitiously to bypass America's well-intended exemptions. The consequences of such blanket tariffs could, we fear, raise the costs of steel and aluminum products and their numerous downstream uses, including those in construction, automotive, and food and beverage packaging.

Additionally, we are concerned about the prospect of worldwide reciprocal tariffs in what the Administration has indicated would be an effort to bring down our overall annual trade deficit and "rebalance" trade with our many and varied economic partners. We are apprehensive that a leveling of simultaneous and far-reaching tariffs may generate overwhelming backlash from our trading partners and may produce unintended economic effects for a multitude of businesses and industries. New England is famous the world over for being a hub for technology and medical innovation. Our region is home to numerous key industries that supply everything from medical devices to lifesaving medications to semiconductor chips. As such, there is concern that reciprocal tariffs would give other nations the excuse to limit – or close – access to U.S. companies in these fields (and others) to their markets, opening opportunities for non-U.S. companies to fill the void. This could lead to job losses in our region and across the nation and thwart continued advances in these endeavors.

Over these past weeks, The New England Council has heard from a number of our members who have emphasized that the various efforts underway to implement or expand tariffs, along with the uncertainty of foreign retaliation, will have a dramatic impact on their ability to conduct business, negotiate deals, firm-up supply chains, and make hiring and investment decisions. In addition, ever-escalating tariff actions between

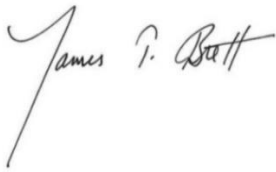
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the U.S. and key trading partners have raised concerns about stoking inflation fears. Businesses may be willing to absorb some of the costs associated with short-term retaliatory tools implemented by overseas trading partners, but they will not be able to hold-off passing along such costs to consumers.

As Americans seek to push past inflationary burdens that have affected virtually every household in New England and the nation, exacerbating that pain with further economic uncertainty threatens to stall the President's stated goal of unleashing our economy. We at the New England Council are major proponents of free and fair trade and a sizable number of our members believe that the implementation of these tariffs will up-end prosperity, raise prices on energy and consumer goods, endanger export markets, and stymie job creation. As such, we encourage the Administration to reconsider its plans to levy these tariffs.

Please know that we stand ready to work with this Administration and with Congress on policies that will promote job growth and economic prosperity and welcome the opportunity to do so.

Sincerely,

A handwritten signature in cursive script that reads "James T. Brett". The signature is written in black ink and is positioned above the typed name and title.

James T. Brett
President & CEO

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