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The Neal Asbury Show

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Former Asst. Secretary of Commerce James Jochum Contends That Obama Administration is Outsourcing Trade Policy to Unions



Making a return visit to the nationally syndicated Neal Asbury Show on WZAB-AM, James Jochum, former Assistant Secretary of Commerce for Import Administration and Assistant Secretary of Commerce for Export Administration under George Bush, contends that the recent decision to attach high tariffs to U.S. imported low-cost Chinese tires demonstrates that U.S. trade policy is being controlled by trade unions. Jochum is particularly concerned that this action "will jeopardize the future of the U.S. affirmative trade agenda worldwide."

A recent federal ruling attached a 35 percent tariff on low cost Chinese tires imported into the U.S., according to Jochum, which was clearly instigated by the International Steel Workers Union, which claimed that these imports were costing U.S. jobs. Ironically, the suit was not brought by U.S. tire manufacturers, but by their unions. Chinese tires represent only 15 percent of the "value" niche of the U.S. market, and these mostly non-branded tires retail for \$60 or less. U.S. tire manufacturers have been out of this niche market for years, opting instead for higher priced branded tires. Consequently, stopping the import of Chinese tires will not create or save any union jobs. Instead, those being hurt will be American consumers without the financial sources to purchase replacement tires.

"This trade decision is not only symbolic of the way that Obama is likely to treat U.S. trade allies, but is short sighted about other elements of this suit. Politics have been able to trump the facts of this case. Already, we are seeing U.S. tire manufacturers raise prices, which will further lock out the unemployed and financially strapped consumer who will not replace tires and continue to ride on them, posing a greater safety risk," said Jochum, who is a founding member of both Jochum Shore & Trossevin PC and Black Swan LLC. Jochum predicts that while imports of Chinese tires may stop, cheap tires will continue to be exported into the U.S. from countries like Malaysia and Viet Nam.

Jochum admonishes Obama for supporting this controversial trade issue with China when so many other issues warrant greater attention, especially the union-led anti-Mexican trucking issue whereby Mexican trucks are being stopped at the U.S. border and then unloaded onto U.S. trucks. This anti-Mexican trade decision not only devalues the North American Free Trade Agreement (NAFTA), but has actually translated into the loss of 500,000 U.S. jobs and has resulted in higher consumer prices.

"This attack on NAFTA is indicative of a wider anti-free trade agreement bias by unions, and reinforces a perceived trend for the Obama administration to side with special interests. It is obvious that unions do not and will not support any free trade agreement," said Jochum.

Jochum thinks that this country is sending a message that "the U.S. can't compete with the rest of the world. This administration is taking a very pessimistic view of U.S. trade relations and gives the impression that we actually fear foreign competition. People need to know what is at stake here if we back away from our trade policies."

Also joining the show was Christopher Wenk, the Senior Director of International Policy at the United States Chamber of Commerce, which is the world's largest business federation, representing more than three million businesses and organizations of every size, sector and region. Wenk announced the release of a new Chamber of Commerce study that concludes that the current administration's inaction on trade policy will cost nearly 600,000 U.S. jobs. Factoring into the study's conclusion was the stalled final approval of the South Korea, Panama and Colombia Free Trade Agreements and the current union involvement in interfering with Mexican imports into the U.S.

"Trade needs to part of the recovery package, so we are surprised that a robust trade agenda is missing from the president's program. Trade is about jobs, so the president's failure to promote trade is emboldening an anti-trade sentiment that has been adopted by trade unions," said Wenk, who is responsible for promoting the Chamber's international trade agenda, including bi-lateral Free Trade Agreements (FTAs), Trade Promotion Authority (TPA) and the Doha Round of World Trade Organization negotiations.

The Chamber is naturally following the current healthcare care discussion but is concerned that these discussions have taken the focus off of trade. Wenk thinks that Obama and Congress should be able to "walk and chew gum at the same time," and should be able to advance trade policies while they grapple with healthcare.

"One of the problems is that while Obama has a number of qualified trade advisors who 'get it,' in the short term it's all about healthcare all the time. When they try to push the trade agenda, Obama's team is afraid that it will take the focus off of health-

care, the issue that Obama really exclusively wants to talk about," said Wenk.

John Manzella, President of Manzella Trade Communications and a world-recognized author and speaker on U.S. and global business, Washington politics, and today's new economic realities joined the discussion, as he does each week with his The Manzella Report. Manzella took up the discussion regarding the Chinese tire import issue that was addressed earlier in the show by John Jochum.

Manzella suggested that the 35% tariff that the U.S. will apply to inexpensive Chinese tires is about much more than just tires. "It's a policy statement that resonates on many different levels and sets the tone for future U.S. trade policy," he said.

Manzella noted that while many presidential candidates in recent memory, including Bill Clinton, talked a good protectionist game while on the campaign trail, but once elected, their responsibilities shifted from that of a Congressional district or a state to the United States. And as the leader of the entire country, they've always done what was in the best interest of the country and supported free trade. Obama is the exception to the rule about supporting free trade, and was recognized as an anti free trader in his days in the U.S. Senate and throughout his presidential campaign.

This protectionist approach to trade, according to Manzella, sends a message to U.S. companies contemplating moving production to low-cost countries, and in turn, shipping goods back to the United States. He added that: "It also opens the floodgates for other U.S. groups, as well as foreign countries, to promote or implement protectionist measures at precisely the wrong time — the time when rising global trade barriers could seriously undermine the U.S. and world economic recovery."



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