



**Statement on Trade Policy
March 3, 2025**

We are increasingly concerned about the likely effects of the Administration's trade policies on Kentucky industry and businesses, and on our access to markets around the world, since broad tariffs are set to take effect this week.

Recognizing that tariffs have inflationary effects, we nevertheless generally support their use when deployed strategically to counter the unfair trading practices of America's adversaries. We also support trade policy actions, including tariffs, against friendly nations when necessary to counter clear violations of trade standards and agreements.

For many Kentucky companies, our allies and other friendly nations are not just supportive friends; they are also home to many of the customers, investors, and parent enterprises that drive our economy. The significance and beneficial impacts in Kentucky and across the United States of foreign direct investment from friendly nations cannot be overstated. It is also important to note that Kentucky companies have made substantial investments to move parts of their production to, for example, Mexico and Canada, consistent with the call over the past several years to near-shore production.

These are among the primary reasons that America should reserve punitive actions against friendly nations for those instances where clear and persistent violations cannot be resolved through other means. Taking a measured approach fosters stronger international relationships and supports American economic growth.

Furthermore, without adopting a more cautious and measured approach, we are concerned that the Administration's trade actions may bypass federal law and international agreements, such as the U.S.-Mexico-Canada Agreement. Such actions are likely to have tangible market consequences. For Kentucky companies, which heavily trade with Canada (our state's #1 trading partner) and Mexico (#3), those effects will be magnified, as will the downstream price increases.

The guiding principle of U.S. trade policy is clear: America benefits from being the economic and security partner of choice for as many countries as possible. Tariffs are but a single tool at the government's disposal to address trade imbalances and restrictions on U.S. goods entering foreign markets. Smart use of the entire tool kit available to the Administration will have a longer lasting and greater impact than the current direction.

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