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[00:00:00] **Speaker 1** And that's my. Banner headlines of 25% tariffs on Mexico and Canada from President Trump one day, then an about face and they're on pause for 30 days. And across the board, additional 10% U.S. tariff on China remains in place. Unsettled times and fast moving. What's the reaction in the business community in Wisconsin? For that, we turn to Kurt Bauer, president and CEO of Wisconsin Manufacturers and Commerce. And thanks very much for being here.

[00:00:48] **Speaker 2** My pleasure.

[00:00:49] **Speaker 1** So last weekend, when you heard the news of the 25% tariff on Canada and Mexico, what was your reaction?

[00:00:55] **Speaker 2** Not a surprise. He campaigned on this. We knew something was coming. We weren't sure exactly how broad it was going to be. We thought it was a negotiating tactic, particularly with Canada. We thought that there'd be something more with Mexico. We obviously thought something was going to happen with China. But it was a little broader than we thought.

[00:01:12] **Speaker 1** How relieved were you then when it was kind of pulled back?

[00:01:16] **Speaker 2** I think the pause is good. I'm concerned the retaliatory tariffs would be rough on Wisconsin. We are a manufacturing state. We are a agricultural state. We make things, we process things, we grow things and we export them around the world. Canada's our number one trading partner. We have a positive. I'd trade with them right now. The second largest is Mexico and then China. So all three are on the chopping block. They account for about 50% of Wisconsin exports. So this could have a very significant impact on the state of Wisconsin and our manufacturing and agricultural industries.

[00:01:51] **Speaker 1** So it's apparently a 30 day pause. We think it will be reenacted.

[00:01:55] **Speaker 2** I don't know. There's a lot of talking across the border. I've talked with my counterparts in Quebec, Ontario and Alberta. We have very strong relationships among the trade associations across the border. We're doing everything we can to try and work something out as best we can. Ultimately, this is up to the president. He does have the authority to do this, and we're hoping that we're able to work out some sort of deal. It looks like you you got Mexico and Canada made some accommodations. We're seeing that from other countries as well. So hopefully this will work out and we won't have tariffs and we won't have a trade war.

[00:02:30] **Speaker 1** Yeah. If business moves uncertainty, though, what's this climate like?

[00:02:35] **Speaker 2** Well, that's funny you should say that, because business is inherently uncertain and this government shouldn't make it worse. This certainly does. We saw during Covid 19 that businesses were incredibly resilient. They were adaptable. They'll have to be again if this goes into place. The concern we have is supply chain and energy. We get a lot of our energy from Canada, particularly Alberta. We don't want those flows cut off. That will have a major impact on the cost of energy in the state of Wisconsin. Supply chains are difficult as well. You can't just snap your fingers and create a supply chain, particularly on precise products and raw materials. So, you know, there are we have some skin in the game, to be sure.

[00:03:14] **Speaker 1** What about the additional 10% tariff on China?

[00:03:18] **Speaker 2** Well, we've seen a lot of our members moving away from China for a variety of different reasons. China has not been a good actor on trade. They have, you know, manipulated their currency, They have stolen IP, they've forced tech transfers in exchange for market access. They subsidize their industries. They have dumped into the United States to put American competitors out of business. So 86% of my members support tariffs in China because they don't believe that they've been a fair player in trade. Look, we're manufacturing state, as I said earlier, we're an agricultural say we want to sell to the world, but we want it to be on a fair and equal basis.

[00:03:54] **Speaker 1** So how injurious would it be to Wisconsin if the Canada and Mexico tariffs or a trade war does happen?

[00:04:01] **Speaker 2** Depends on how long it lasts. Depends on specifically what. But it would certainly have an impact and we'd see it right away. It depends on the industry, but most businesses, most sectors would see some effect right away. And of course, that would trickle down to consumers as well.

[00:04:18] **Speaker 1** In fact, I was going to ask, what should consumers brace for?

[00:04:22] **Speaker 2** Well, let's hope that we don't have to brace for anything, but it's hard to know. I think gas prices would probably go up. You'd see impact on products and maybe agricultural products that we bring up from Mexico. I was thinking of the Super Bowl. If you want your guacamole. Avocados largely come from Mexico. All of that could be higher prices.

[00:04:45] **Speaker 1** Briefly, you said you were in Washington this week. Have you spoken with the Trump administration about this and your concerns?

[00:04:51] **Speaker 2** We had a delegation at the White House this week. We did talk about it. I was not there. I was at the Pentagon having a different conversation, not about tariffs, but we were on the Hill talking to their delegation. They're concerned about it. They certainly recognize that Wisconsin is a major manufacturing and agricultural state. They know the stakes.

[00:05:07] **Speaker 1** All right. Kurt Bauer, thanks very much.

[00:05:09] **Speaker 2** My pleasure.

[00:05:16] **Speaker 1** I'm getting a lot of information, and.

[00:05:18] **Speaker 2** I'm a fast talker.

[00:05:19] **Speaker 1** So. Good works for us. All right. Thank you. Good luck with all this, though, to all of us.

[00:05:24] **Speaker 2** Yeah. Well, we'll see what happens. We are talking to the Trump folks, But I mean, he's pretty intent on it. I mean, it goes back to, again, what he wants to accomplish. And from our perspective, if he wants more manufacturing, the way to do it is business climate, not tariffs. So he already wants to lower the tax rate for four manufacturers. We have a manufacturers and agriculture production tax credit in Wisconsin that incentivizes production and jobs in Wisconsin. Regulations are ridiculously stifling and suffocating energy, natural resources and then, of course, workforce if we can reform our guest worker program. Bottom line is we control our own destiny and destiny and all of the above.

[00:06:06] **Speaker 1** Yeah, the guest worker program is a big deal.

[00:06:08] **Speaker 2** Yeah. Yeah, we we are lobbying hard on that because, of course, Wisconsin has a demographic drought. We just don't have enough people.

[00:06:15] **Speaker 1** Man, there's so many things for you to focus on. Yeah, there.

[00:06:18] **Speaker 2** Are. Well, thanks so much for having me.

[00:06:21] **Speaker 1** Nice to see you again.